Jordan elections pit pragmatists against firebrands, Page 4

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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NEWS SUMMARY

GENERAL

Greece expels Turkish envoy

Greece ordered the Turkish ambassador to leave Athens and recalled its own envoy from Ankara, after accusing Turkey of opening fire on a Greek destroyer and a number of fishing vessels in Greek water in the eastern Aegean Sea.

The Greek army was placed on alert after the incident, in which Greece alleged that five Turkish destroyers fired two salvos of five shots each at the Greek destroyer Panther as it patrolled north-east of the Aegean island Samothraki.

A third salvo was fired at a fleet of fishing trawlers but there were no hits, a Government announcement said. Turkey refused any immediate comment.

Spain hits back

Spain's Prime Minister Felipe Gonzales described an attack by a French gunboat on two Spanish trawlers as unacceptable and said it was as serious blow to Franco-Spanish relations. Page 2

Reagan to meet Pope

President Ronald Reagan and Pope John Paul plan to meet in Fairbanks, Alaska on May 2.

Swiss reject charter

Switzerland has effectively rejected the right of workers to strike by deciding not to ratify the European Charter.

Pay protest

French public sector employees disrupted travel, power, postal, refuse and administrative services across the country yesterday with a one-day strike in protest against the Government's pay strategy. Page 18

Bodies probe

Iran said it would allow West European doctors to examine the bodies of two Iranian fighters it says died from the effects of Iraqi chemical bombs after being flown to Europe for treatment.

Crucifix protests

Student protests began in the eastern Polish town of Garwolin after riot police turned back marchers demonstrating against the removal of crucifixes from their classrooms. Page 3

On trial in Cuba

Three Brazilians who hijacked an aircraft to Cuba last month, releasing the 158 passengers in Surinam, will be tried in Cuba, its Foreign Ministry said.

Syrian reshuffle

Syria is to appoint three Vice-Presidents, one of them President Hafez al-Assad's younger brother, to ease the President's workload, diplomatic sources said.

Eagleburger denial

U.S. under-Secretary of State Lawrence Eagleburger refused to confirm a report in the Washington Post that he had submitted his resignation, but said if he did step down it would be for personal reasons.

Attack on politician

A man attacked Japan's former foreign minister Kiichi Miyazawa, 64, with an ashtray in a Tokyo hotel room and then tried to kill himself with a knife. Page 4

Briefly . . .

Finnish office workers, 4 per cent of the workforce, staged a one-day strike.

BUSINESS

Nigeria accuses company of bribes

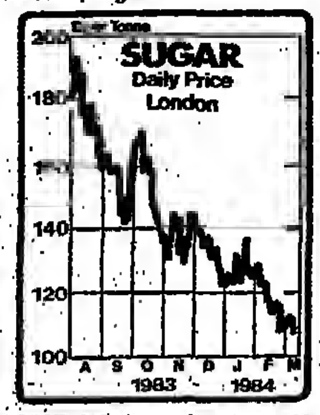
NIGERIA'S military Government accused the Nigerian subsidiary of a leading foreign contractor of paying bribes totalling more than N23m ($31m) to members of the country's former ruling party. Page 18

WALL STREET: Dow Jones index closed up 3.48 at 1,147.09. Report, Page 29; full share listings, Pages 30–32

LONDON: FT Industrial Ordinary index added 2.3 to 837.7. Government securities lost as much as ½ on renewed profit-taking. Report, Page 33; FT Share Information Service, Pages 34–35

TOKYO: Nikkei Dow index fell 61.88 to 9,959.32. Stock Exchange index fell 1.52 to 780.34. Page 29; leading prices, Other exchanges, Page 32

HAWLEY GROUP of the UK is to raise £34.3m ($50m) by a rights issue. Lex, Page 18



SUGAR values continued to slide, with the London daily raw price falling £2 to £106.50 a tonne, its lowest for 11 months. Page 38

DOLLAR rose to DM 2.587 (DM 2.556) and SwFr 2.137 (SwFr 2.1145), Y224.45 (Y223.1) and FFr 7.9725 (FFr 7.8575). Its Bank of England trade-weighted index rose to 125.4 from 124.6. In New York it closed at DM 2.5645, FFr 7.895, SwFr 2.1195 and Y222.5. Page 39.

STERLING fell 1.8 cents to $1.458 and eased to SwFr 3.12 (SwFr 3.125) and Y327.5 (Y329.5) but was unchanged at DM 3.775 and rose to FFr 11.62 (FFr 11.595). Its trade-weighted index was 81.1 (81.4). In New York it closed at $1.467. Page 39

GOLD fell $3.50 in London to $396.25. In Frankfurt it fell $1.50 to $397.25 and in Zurich $1.75 to $397.25. In New York the Comex March settlement was $403.1 ($398.8). Page 38

U.S. MONEY SUPPLY: M1 fell $1.5bn to $533.3bn in week to February 27.

VATICAN BANK has agreed to pay $250m as its part in a settlement of debts left by failed Banco Ambrosiano, church officials said.

ERICSSON, the Swedish electronics group, won a contract from the Swedish savings banks to supply 1,000 automatic teller machines worth SKr 300m ($39m). Results, Page 19

TANDON, California computer disk drive maker, said it will lay off 1,000 workers and transfer production to Singapore and India.

PHILIPS, the Dutch electrical group, boosted net income by 49 per cent to Fl 647m ($226m) in 1983. Page 19

RUPERT MURDOCH, head of publishing empire News Corporation, lost another round in his battle for control of Warner Communications. Page 18

CANADA'S supreme court ruled that the Hibernia oilfield off Newfoundland, with 1bn–1.5bn barrels of oil, belonged to the Federal Government, not the Province.

Feldstein predicts 6% growth rate in first quarter

BY STEWART FLEMING IN WASHINGTON AND PAUL TAYLOR IN NEW YORK

THE U.S. economy will grow at a real annual rate of at least 8 per cent in the first quarter of this year, Mr Martin Feldstein, chairman of President Reagan's council of economic advisers, said yesterday at the National Association of Manufacturers' Congress in Washington.

Mr Feldstein's forecast will reinforce the growing conviction among both private and government economists that the economy is expanding much more rapidly than was generally expected at the beginning of the year. In the fourth quarter of 1983, there were some signs that the economy might be slowing slightly with real gross national products (GNP) rising at an annual rate of 4.9 per cent.

The unexpected strength of the economy has been worrying Wall Street. It is feared that such rapid growth could re-ignite inflationary expectations and put upward pressure on interest rates.

Interest rate fears have come to the fore not only because it is thought that strong growth will tend to boost private credit demands at a time when the Government is borrowing heavily to finance the budget deficit, but also because of the conviction that the Federal Reserve Board will move to tighten its credit policy if the economy continues to grow at a pace which Mr Paul Volcker, Federal Reserve chairman, has already indicated he believes to be unsustainable.

The dollar staged a strong recovery yesterday as the prospect of tighter credit and higher U.S. interest rates triggered a reaction to its heavy losses in recent weeks. Report, Page 18; Money markets, Page 39.

The Fed chairman has been increasingly outspoken in recent weeks about the threats he sees to the long term sustainability of the economic expansion, concerns which he voiced again yesterday.

While his remarks are being interpreted in part as designed to increase pressure on both the Congress and the Reagan Administration to come to a budget deficit-cutting compromise, the fact that the Federal Reserve's monetary policy-making arm came within a whisker of voting to tighten credit in December when economic growth was thought to be slowing, has added to the financial market's anxieties.

In his address to the National Association of Manufacturers yesterday, Mr Volcker made it clear that the Fed is determined not to pump up the money supply in order to finance the Federal budget deficit.

He stressed again the threat which the Federal budget deficit presents to the long-term sustainability of the economic expansion and he repeated his warnings about the risks to the economy from its growing dependence on foreign capital inflows.

"We have got some distance to go," he said, if the U.S. is to achieve growth without inflation, adding that success will require persistent restraint on the supply of credit. Whether the economy can continue to expand for a period of years is a question which is "out of the control of monetary policy," he said.

Bonn plans to put DM 3bn into high tech

BY RUPERT CORNWELL IN BONN

THE WEST German Government plans to spend up to DM 3bn ($1.18bn), between now and 1988 to boost the development and application of microelectronics, computing and communications technologies.

The plan is outlined in a far-reaching report by the Research and Technology Ministry and is due to be approved by the Cabinet next Wednesday. It also involves directly the German Ministries of Defence, Economics and Posts and Telecommunications.

It is one of the most ambitious programmes yet drawn up by any West European Government in response to U.S. and Japanese competition in high technology industries. It also marks a major departure for the 17 month old centre-right administration led by Chancellor Helmut Kohl.

The combination of direct and indirect state support for advanced industries has been devised by a Government which has hitherto given general economic priority to reducing the role of the state and promoting free market policies.

Almost half the planned spending is earmarked for programmes to boost research on advanced microchips and future generations of high performance computers. The German electronics industry expected to collaborate closely on the research and is understood to have pledged substantial further funds to develop and make products resulting from the programmes.

The report also covers increased support for the application of microelectronics and information technology, notably in the fields of computer-aided engineering, robotics and sensor devices.

It calls for action to improve the economic climate for high technology industries by expanding training schemes, encouraging venture capital, adapting public procurement policies and developing a more coherent long-term telecommunications strategy.

The plan could have major implications for the structure and operations of the Bundespost, the West German post office, which are expected to be the subject of a long-term Government study.

The Government also plans to set up a technology committee to examine strategic requirements in defence electronics, an area where German spending has fallen in recent years, and to recommend both immediate and long-term action.

Electrical industry's bright outlook, Page 3

Windy City hot shots go cold on Mitsubishi Bank loan

By William Hall in New York

MITSUBISHI BANK, the third biggest Japanese bank, has sparked off a bitter political row in Chicago after the city's decision to ask it to provide a $259m letter of credit for a city bond issue.

The move marks the first time the financially troubled city has used a foreign bank to provide a letter of credit to guarantee its borrowings. It was bad enough snubbing Chicago banks, but to hire a Japanese bank was just too much for some Chicago politicians.

The $259m debt issue was delayed for several weeks while the city debated furiously whether it should allow a Japanese bank to become involved in its financial affairs.

Alderman Roman Pucinski recalled his role as a bombardier in the first air raid on the Mitsubishi aircraft works in 1944, to underline why he vehemently opposed letting the Tokyo-based bank in – even if it did put in a bid which was $800,000 lower than the competition.

Mr Harold Washington, Chicago's black mayor, described the patriotism argument as a "red herring." He said such talk would lead foreigners to regard the people of Chicago as "a bunch of nuts."

Until the city council finally voted 34 to 11 on Wednesday in favour of accepting Mitsubishi's bid, it was beginning to look as if Chicago would not have enough money to pay its workforce next month.

While the city's big banks regret the political attacks on Mitsubishi, there is no denying that they are miffed by the way the Japanese bank has stolen a march on them for the first time.

Mr Barry Sullivan, chairman of First Chicago, said it was "an aggressive move by them to get into a line of business under a profit margin that other financial institutions cannot profit from."

Traditionally, major U.S. cities tend to favour local financial institutions when raising money mainly because the banks are often one of the biggest contributors to city taxes. Chicago bankers note that Mitsubishi pays very little tax to the city, and faces less stringent regulatory rules about letters of credit.

The Mitsubishi Bank letter of credit will be used to back an offering of a daily tender, variable-rate, demand note which is being issued

Continued on Page 18

Property market revolution, Page 26

IH and Renault to link Europe tractor plants

BY PAUL BETTS IN PARIS AND IAN RODGER IN LONDON

INTERNATIONAL Harvester (IH) of the U.S. and Renault, the French state motor group, have agreed to collaborate in buying and manufacturing components and assembling agricultural tractors at their European factories.

However, the two loss-making groups have stopped short of merging their European tractor operations, despite a proposal made last August by the French Government.

The letter of intent signed yesterday specifically excludes merging dealer networks, brand identities and marketing organisations.

Mr Jack Rutherford, president of IH, said the group also hoped to negotiate the restructuring of some FFr 1bn ($127m) in debts with French banks and the French Government by the summer. That might involve some debt forgiveness, he added.

The two companies said their collaborative venture would achieve significant reductions in the overall costs of manufacturing tractors.

They plan to implement the agreement progressively. In the next few weeks, a joint committee and task force will evaluate and define specific rationalisation measures and prepare industrial strategies. Later, perhaps by the summer, the agreement might lead to the creation of two joint companies for financing and providing engineering and purchasing services to the partners. The financing company is expected to include the French Government and French banks.

M Henri Streit, head of Renault's farm machinery business, said the joint venture would need FFr 1bn in investment over five years.

Initially, operations would be coordinated in the partners' French plants, but the two companies hoped to expand their collaboration beyond France to include IH's engine plant in West Germany and its tractor manufacturing plant in Britain.

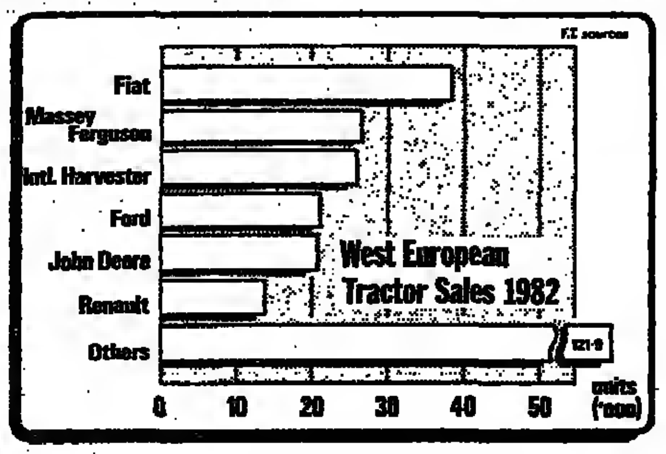
IH makes medium-size tractors (up to 90 horsepower) at Doncaster in the UK. Very little production-sharing with the group's other European plants occurs.

Engines are supplied to Doncaster from the West German plant and cabs come from Croix in France. There is no significant movement of components from Britain to France.

Mr Rutherford also said it was possible that IH's recently announced collaboration plan with Zahnradfabrik Passau (ZP) of West Germany to manufacture transmissions might be expanded to include Renault.

He was optimistic about the overall outlook for IH, which completed a restructuring of $4bn in debt in

Continued on Page 18



Crocker losses hit Midland's results

By David Lascelles in London

MIDLAND BANK, Britain's third largest, yesterday made a final accounting of the damage caused by the huge loan losses of Crocker National Bank, its Californian subsidiary: a 10 per cent cut in profits for 1983. Pre-tax, these stand at £225m ($328m) compared with £251m in 1982.

But Midland refused to say whether Crocker's troubles were over, or when it would start making a profit again. Sir Donald Barron, the chairman, told a press conference that Midland had been advised by its U.S. lawyers to make no comment because part of Crocker's shares were still in public hands, and anything Midland said could affect the share price.

The only illumination came from Mr John Harris, the Midland executive appointed vice-chairman of Crocker two months ago to put it back on the rails.

He said Crocker's bad loans to farmers and property developers were being "actively addressed" but that it would be tempting fate to predict a rapid recovery for the bank. He would be "very disappointed" if Crocker did not get back into the black in 1984.

Crocker was forced to make a $107m bad loan charge last year which resulted in a $20m loss for 1983 and a halved dividend. For Midland, this took £17m off group profits.

Crocker's total bad debt provisions, including the special charge, amounted to £120m, pushing the Midland group total up to £318m compared with £196m in 1982.

Ironically, Midland's figures showed that without Crocker it would have turned in a better performance than either Barclays or NatWest, with an 18 per cent rise in profits.

Sir Donald Barron said the Crocker affair was "galling" because "it distorts a basically good performance across the rest of the group."

Lex, Page 18; Stock markets, Pages 29 and 33

GM new market leader in Europe

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

GENERAL MOTORS, the U.S. group which manufactures Opel and Vauxhall, in February sold more cars in Western Europe than any other manufacturer for the first time.

Provisional figures for the month give GM a 13.3 per cent share of a market in which 690,000 units were sold compared with 11 per cent of an 810,700 market in the same period last year.

This put GM well ahead of Fiat, which had 12.7 per cent in February against 12.1 per cent in the same month last year, and its arch-rival Ford, with 12 per cent.

Renault, which topped the list for the whole of 1983, slipped to sixth place in February with a 10.6 per cent share, down from 12.8 per cent a year earlier, showing how volatile the race for market leadership has become. The Peugeot-Citroen-Talbot group had 11.9 per cent of the February market, compared with 11.4 per cent in 1983 and Volkswagen-Audi 11.5 per cent against 11.6 per cent.

GM, the world's largest automotive group, has been gaining ground rapidly in Europe – where its market share jumped from 9.6 to 11.2 per cent last year – since it introduced the Spanish-built Opel Corsa/Vauxhall Nova, its first entry in the European small car business.

But its move into first place in February was due mainly to Vauxhall-Opel's performance in the UK, where its sales rose from 20,664 in February 1983 to 37,054. The 79 per cent increase in volume was spurred by an aggressive campaign which offered dealers a variety of incentives and had them scrambling to collect extra bonuses

CONTENTS

EUROPEAN NEWS

THE FRANCO-SPANISH FISHING CLASH

Paris plays down shots at trawler

BY DAVID MARSH IN PARIS

THE FRENCH government last night was plsying down the diplomatic significance of Wednesday's firing on a Spanisb fishing trawler by a French naval coastguard vessel which left nine Spaniards wounded.

A spokesman for the Marine Ministrv said the French coastguard vessel Lavalles almed an inert shell at the Spsnish trawler Valle de Atxondo only after five hours of repeated attempts st intercepting the vessel and numerous warning shots across the bows.

The Government denies claims made by Spanish fisbermen that the boat was macbine-gunned. The nine wounded were hit by wood and iron splinters when the shell landed on the foredeck, it sald. Two seriously hurt were taken by bellcopter to a military hospital at Brest, where they were sald yesterday to be in no danger.

Foreign Ministry officials expressed regret that the incident had led to injuries and damage to the trawler. But they pointed out that the Valle de Atxondo, together with another accompanying trawler, the Burgoa Mendi, had repeatedly ignored warnings on Wednesday to heave to and sllow French officials on board.

France last montb presented the Spanish Government wilh a full list of trawlers which bad recently infringed regulations.

The two Spanisb ships involved in Wednesdsy's interception lad been warned 12 times and 10 times respectively about illegal fishing since December 1 last year, the Marine Ministry said.

Since tha beginning of 1980, 2,700 cases of illegsl Spanisb fisbing in the gulf have been recorded by the French authorities, and there bave been 30 incidents of pursuits or interceptions by the navy.

Mauroy will go ahead with visit to Madrid

BY DAVID WHITE IN MADRID

M PIERRE MAUROY, the French Prime Minister, is due to go ahead with a visit to Madrid today despite fierce Spanisb reaction to Wednesday's incident in the Bay of Biscay, in which two Spanish trswlers were fired on by the French nsvy, snd nine fishermen were wounded.

The incident was described yesterday by Sr Felipe Gonzalez, the Spanisb Premier, as "unacceptable" and a "heavy blow" to relations between the two countries, wbich had shown signs of Improving.

Whoever was legally in the right, the methods used were "not proper to civilised countries which maintain diplomatic relations." Sr Gonzalez said, but he did not wisb to jump to basty conclusions. He expected M Mauroy to clarify the facts during his visit, being made in an unofficial capacity as mayor of Lille.

Sr Fernando Moran, Spain's Foreign Minister, recognised that the trawlers were fishing illegally in French waters hut said the use of arms was "disproportionate."

Six of the men wounded in the action against the trawler Valle de Atxondo, including two Portuguese, were taken to bospital in Brest, Brittany.

Details of the incident were still unclear after French officials recognised thst ligbt cannon had been used. The captain of a third Spanish fishing vessel, about 40 miles away at the time, said he had followed the radio messages, and that the French bad tried to board and aubsequently fired machine guns, then shells, to prevent the trawlers escaping.

Fishermen squeezed from traditional grounds

BY DAVID WHITE

THE FRENCH Navy's use of arms against Spanish trawlermen on Wednesday, which bas provoked a storm of protest, in Madrid, is only the latest in a series of incidents wbich have become increasingly regular, as Spanish fishermen have been squeezed out of traditional fishing grounds by neighbouring countries.

With some 17,500 vessels, Spain has the largest fishing fleet in Western Europe, but its own coastal waters yield little and the 200-mile territorial limits, which have become standard in the past 10 years, have sharply reduced the areas where its deep-sea trawlers can fish legally.

Spanish vessels bave been frequently impounded in France, Portugal and Morocco. A government fisheries expert denied emphatically yesterdsy that the state offered compensation to trawler owners fined in foreign countries for Infringing fishing rules, but said it was hard to control fisbermen's activities.

Vessels such as the two involved ln Wednesday's clash in the Bay of Biscay, which were not licensed to fish in EEC waters, were ostensibly heading for international grounds, be sald.

Aerial photographs could not be used in evidence to prove they were fishing illegally, and Spanish authorities had no means of sanctioning all vessels.

Last year, the Spanish Government was forced to accept a 40 per cent cut in fishlng righta off Morocco, snd a sharp rise in fees. Portugal is pushing to stop Spanish boats from fishing in the strip of water between six and 12 miles off the Portuguese coast.

Spain'a latest agreement with the EEC, approved at the beginning of this month, gives licences for only 118 Spanish deep-sea vessels to fish for hake and relaled species in EEC waters—less than half the 240 licences Spain bad in 1978.

Spain's EEC hake quota is limited to a catcb of 7,900 tonnes, against 8,300 tonnes last year, with a 16,000-tonne allowance for associsted species. The agreement was sealed only after France had obtained the lifting of special duties imposed by Spain on hake imports.

The quandary for Spain is that lt now must buy fish from the same countries in whose waters its own fleet has been accustomed to operate.

Threat to Italy's battle with inflation

By James Buxton in Rome

DETERMINED OPPOSITION by the Italian Communist Party to the Government's anti-inflstion package is threatening to prevent early approval by parliament of the measure, which reduces tbe effect of wage indexation.

The Communist-party orientated CGIL union is pushing its opposition to the Government's measures as hard as possible, at the cost of making even less easy tbe re-creation of trade union unlty.

The decree, introduced by the Government of Sig Bettino Craxi lsst month, cut wage indexation under the *scola mobile* system by 3 percentage points this year and imposed a 10 per cent ceiling on rises ln the price of Government-controlled services. Thougb it is already in effect, it bas to be ratified hy parllament within 60 days — by mid-April.

The Communist Party is putting down nearly 300 amendments to the decree and using procedural devices in the Senate to make progress in considering the decree extremely slow.

Provided the decree is not actually defeated outrigbt the Government can reintroduce it for another 60-day approval period.

At stake, for the Communisl Party, which has declared all-out wsr on the Socialist-led Government of Sig Craxi, is its long-sustained thesis that Italy is ungovernable without the acqulsence of the Communist Party ln government actions.

As if to underline the point, a strike and demonstration in the leading industrial city of Turin yesterday achieved a substantial turnout, at least according to its organisers, who come from the Communist component of the CGIL union. They clalm that 80,000 people took part.

Target date set for deal on trade within EEC

BY PAUL CHEESERIGHT IN BRUSSELS

TRADE MINISTERS of the European Community yesterday set themselves next June as a target for agreeing the details of a single customs document to be used in intra-EEC trade. Tha document would come into force two years later.

It would replace the 70 forms at present used among the Ten to accompany goods from one country to another. The new document would run to six or seven pages.

The setting of a target date was designed to speed the official work which has been devoted to trimming down tha number of demands from eacb state for specific types of statistical information.

It has long been recognised that if the internal market of the EEC is to be freed, the existing plethora of documentation will have to be simplified. The heavy bureaucracy over intra-EEC trade was one of the chief causes of the truck blocades in France and Italy last month.

These blocades led to the calling of yesterday's Council meeting in Brussels but the short notice and apparent lack of detailed preparation hindered swift decision-making.

The process of liberalising the internal market and working towards the removal of transport formalities will be continued when transport Ministers meet on March 22.

By then, the Netherlands Government which spearheaded the pressure for yesterday's meeting is hnping that the summit to be held two days before will bave given a further Impulse to liberalisation.

Mr Rudi Lubbers, tha Dutch Prime Minister, is writing to other beads of Government asking that the summit communiqué contain a commitment to liberalising the road transport industry, largely now aranged on a bi-lateral basis. Tbis is a sector of special interest to the Dutch economy.

The trade ministers, however, wer not able to make a wide breakthrough towards liberalising the internal market. They agreed that a Commission proposal fo rincreasing travellers' alowances should be further discussed by officials with the hope of reaching a decision next month.

But they failed compleiely to agree that VAT should be collected not at the frontier post when goods ara being imported, but as part of normal tax payments — the system followed in the UK and Benelux.

Socialist parties still divided by key issues

BY IVO DAWNAY IN LUXEMBOURG

THE PROSPECTS of the EEC's 11 Socialist parties agreeing on a joint manifesto for the June elections to the European Parliament bung in the balance last night.

After three months of negotiations, there remain substantial differences on a series of key issues with the British Labour Party most at odds with the draft document drawn up by the Confederation of Socialist Parties' manifesto committee.

Mr Roy Hattersley, deputy leader of the British Labour Party, warned colleagues at a working breakfast yesterday that the UK would only back the joinl manifesto if substantial changes were made.

These were: a total revision of references to the Common Agricultural Policy, which currently fails to ensure a containment of farm spending; major amendments to clauses seeking further integration of the European Monetary System effectively acknowledging the UK's "special circumstances" brought about by North Sea oil revenues, the removal of a commitment to campaign for an extension of powers for the European Parliament; and the abandonment of the series of new initiatives on political integration which is strongly opposed by Labour.

Early Soviet return to talks 'unlikely'

PITTSBURGH — Mr Paul Nitze, chief U.S. negotiator for the suspended intermdediate-range nuclear arms talks, said yesterday it was unlikely that the Soviet Union would return to the Geneva negotiating table in the near future.

Mr Nitze predicted, however, that the Soviets would resume the talks after the U.S. presidential elections in November.

Mr Nitze, speaking to reporters before addressing the World Affairs Council of Pittsburgh, said he did not think the outcome of the presidential election would affect the Soviets' approach to arms negotiations with the U.S. AP

Output and consumption of coal likely to fall

BY PAUL CHEESERIGHT IN BRUSSELS

COAL PRODUCTION and consumption in the EEC are likely to decline this year, according to the European Commission in its annual review of the solld fuels sector.

This follows a marked build-up in stocks during 1983, when offers of fuel were plentiful and demand fell back.

By the end of last year, stocks had risen to the equivalent of six months of consumption—a total of 144m tonnes, or 6m tonnes more than at the end of 1982. Most of the Increased stocks are held by consumers.

But the Commission admits thal predictions for this year are chancy. Much will depend on the steel industry, where cutbacks in capacity are affecting coke demand, but have to be set sgalnst probably higher steel demand, and on electricity production, more of which is being regenerated by nuclear power.

Coal output last year was 229m tonnes, or 12m tonnes less tban in 1982, and the prediction this year is for a fall of the same amount.

Coke output fell last year by 12 per cent lo 53m tonnes but should stabilise this year at just under that level with production falls in West Germany, France and the Netherlands offset by a rise in the UK.

Consumption of coal, as the table indicates, will be slightly lower, although the national pattern is mixed.

EEC COAL CONSUMPTION
(millions of tonnes)

	1983 estimate	1984 forecast
Belgium	14.7	15.2
Denmark	8.9	9.5
France	39.7	32.7
West Germany	86.5	85.4
Greece	1.0	1.2
Ireland	1.4	1.6
Italy	17.7	18.6
Luxembourg	0.2	0.2
Netherlands	7.9	8.5
UK	111.7	112.3
Total	289.7	285.2

Source: European Commission

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Confindustria chooses next president

By James Buxton in Rome

CONFINDUSTRIA, the Italian employers' association, yesterday nominated Sig Luigi Lucchini, one of the country's leading private steel-makers, to be its next president.

The choice of Sig Lucchini 55, who has achieved fame both in Italy and abroad as the most prominent of the Bresciani—the highly efficient small steel-makers of the northern city of Brescia—is likely to re-inforce the tough line that Confindustria has lately taken in dealing with the unions and government.

Assuming that the ruling council of the organisation accepts his programme at a meeting in the next few weeks, he will succeed Sig Vittorio Merloni, head of the Ariston domestic appliance group, during whose four-year term as president, Confindustria took a far more assertive line than in the past.

It was under Sig Merloni that the *Scala Mobile* wage indexation system was first produced.

The nomination of Sig Lucchini came after extensive soundings over the past few months.

Nigeria says it will stand by Opec decisions on output

BY RICHARD JOHNS IN VIENNA

NIGERIA has not set its sights on any specific increase in its oil output quota under the Organisation of Petroleum Exporting Countries' sharing agreement nor does it expect one before next July, according to Mr Tam David-West, Minister of Petroleum in the military regime.

He was speaking last night before attending, as an observer, a meeting of Opec's market monitoring committee.

Mr David-West stressed that "we belong to a fraternity and as members of that fraternity we are bound by the collective decisions of the group."

Nigerian production in the first quarter would be within its 1.3m-barrels-a-day allocation agreed a year ago, he assured.

Currently, Nigeria is said by informed observers in the oil industry to be producing at a rate of nearly 1.6m b/d compared with a quota of 1.3m b/d under the accord reached a year ago.

In particular, it has benefited from the upsurge in U.S. demand which is likely to be up to 6 per cent higher in the first quarter compared with the same period of 1983.

The majority of other members would prefer to turn a blind eye to excess Nigerian output as long as it is kept within reasonable limits. As it is, the market monitoring committee can do little more than warn of the dangers for price stability from over-production.

It would require a full ministerial conference to discuss and decide on any change in quotas.

The Opec consensus is that any reconsideration of the collective ceiling of 17.5m b/d set in March of last year or individual allocations should wait until the next ordinary meeting set for July, lest a Pandora's box of claims is released.

Iran, Iraq, the UAE and Venezuela all believe that they have high priority if any increases are possible.

Opec faces its most testing period since the crisis early last year in defence of the world oil price structure based on a reference price of $29 per barrel for Arabian Light crude.

Demand for members' oil could drop as low as 16m-16.5m b/d over the next two months, depending on inventory drawdowns, before relief is in sight in June.

Indonesia, Venezuela and Qatar have also been exceeding quotas in the first quarter. Iran, too, is believed to have been doing so recently in its anxiety to ensure revenue in anticipation of a possible military strike by Iraq against its main Kharg Island oil terminal.

The general hope is that Nigeria can be restrained, not the least as a result of the visit by Sheikh Ahmed Zaki Yamani, Saudi Oil Minister, to Nigeria a month ago, and the one reciprocated by Brigadier Tundi Idiagbon, second man in the military régime, to the kingdom last week.

Despite non-observance of quotas, Opec production is almost certainly below the 17.5m b/d ceiling. Some oil industry estimates put it as low as 17m b/d as demand has declined in the wake of a cold North American winter and pronounced U.S. economic recovery.

Saudi Arabia has borne the brunt of the fall. Its production is now only just over 4.2m b/d including its share from the Neutral Zone and counterbalanced excess output by other members.

Future brighter for West German electric industry

BY JOHN DAVIES IN FRANKFURT

THE WEST German electrical industry, one of the bulwarks of the country's economy, expects its recovery to gather momentum this year, although still at a modest pace.

At the same time, the industry has expressed confidence in its ability to compete against the U.S. and Japan.

After declining for two years in succession, the value of the electrical industry's production rose by 1.9 per cent in real terms last year and is expected to grow by 4 per cent this year, boosted particularly by export orders.

The number of employees fell for the third year in a row to an average of 907,000 last year, but the industry as a whole has been hiring workers since last autumn and has slashed the amount of short-time working.

The main impetus for growth last year came from investment goods, which make up two-thirds of the industry's output, although some branches such as power station business remained in the doldrums.

Output of consumer-oriented electrical goods declined, mainly because of lower audio-video production.

The fastest growth came in the smaller sectors of data processing, up 21 per cent, and electro-medical apparatuses, up 12 per cent.

The wide-ranging electrical industry has come under critical scrutiny in West Germany because of the pressure of foreign competition and doubts about its technological innovation.

However, Herr Wolfgang Seelig, president of the Electrical Industry Association (ZVEI), claimed that the West Germany industry was at or near the top in all production areas in terms of technology.

"In areas where we lag, the gap is nowhere so great that we can't catch up again in the medium term," he said.

Herr Seelig said that dynamic developments in the U.S. and Japan in semi-conductors came above all from two factors which West Germany lacked—a large domestic market and strong innovative government demand.

West Germany was striving to speed up research co-operation between industry and universities and among companies themselves, he said.

"Our problems are not so much in the technological field as in the rapid, costly application of new scientific knowledge. That means they basically arise from the financial weakness of many German companies compared with others abroad."

However, a new mood was already evident in West Germany. The growing number of young people taking up scientific—especially electrical—studies was a sign that the country was about to get a new "technology boost."

One of the encouring signs for the industry was the growth in exports, which accounted for over half of the total production.

While exports overall increased 4 per cent last year, sales to the U.S., the UK and Japan showed much bigger increases.

Orders in the three months to the end of January were 5.5 per cent up on a year earlier, with export orders as much as 13.2 per cent ahead of the drastically low level of a year earlier.

Capacity utilisation in the industry as a whole rose last year from 75 per cent to 78 per cent and is currently more than 80 per cent.

The industry's profit margin, which has lagged at about 1 per cent or 1.2 per cent of sales revenue, has risen now to about 1.6 per cent. It is hoping to return to the level of about 2.5 per cent of earlier years.

Protest by Polish pupils spreads

By Christopher Bobinski in Warsaw

THE POLISH authorities yesterday faced widespread passive resistance from high-school pupils demanding the right to hang crucifixes in their schools in the town of Garwolin (population 12,000), 40 miles south-east of Warsaw.

The night before, the authorities broke up a sit-in at a local agricultural school by 400 pupils with threats of the use of force. Riot police units were yesterday stationed in the town to check potential protests by the pupils from three other schools.

Pupils and their parents crowding into the local church yesterday morning were told that they were not alone in their protest. Their local bishop and the church would be intervening on their behalf, priests said. Yesterday, the school where the protest started was closed until the end of term, while only a few classes were held at three other schools in the town.

The crosses, which went up during the days of activity by the Solidarity free trade union, were taken down last December and, since then, protest petitions have been circulating in the town.

Leslie Colitt explains why Czechoslovakia's attempts at change are less than successful

A Schweikian approach to the economy

"No one works but the plan is always fulfilled. The plan is fulfilled but there is nothing to be had. There is nothing to be had but everyone has it."

CZECHOSLOVAKS recite this ditty when they wish to impart the special flavour of their economy. As one Prague economist notes, "more than a little" remains of the spirit of the Good Soldier Schweik, the crafty Czech who outwitted his Austrian masters.

Even the official media are remarkably open about the widespread tendency to squeeze as much as possible out of an unpopular system. The humour magazine Dikobraz recently published a cartoon showing two elderly workers, one of whom says: "Thanks for asking; the young ones have left home and are now stealing on their own."

The cautious Czechoslovak leadership is attempting to shake up an economy which is fast losing its ability to compete within the Comecon group of East European countries or in the West, while it makes certain at the same time that the central command structure is not altered.

Last year the economy moved from stagnation to 2.2 per cent growth, a return to what is called "dynamism." However, ever greater resources are being poured into exports to pay for fixed quantities of higher-priced energy and raw materials imported from the Soviet Union and to eliminate the debt to the West, which is a modest $4bn.

Managers are politically 'reliable'; the workforce is suspicious; technology is backward. The ingredients for a dynamic industrial sector do not seem to be there

The Czechoslovak engineering industry, which was Germany's main competitor before the Second World War, is having difficulty meeting higher Soviet criteria, officials admit, while 60 per cent of the country's exports to the West are wood, coal and other low added value products.

Three years after the launching of a set of measures to improve planned management there is no clear sign that managers and workers are producing better products more efficiently. Czechoslovak economics officials say it will take several more years to determine how the measures are working.

Mr Oleg Bogomolov, the Soviet economist, wrote however, in the Czechoslovak newspaper Rude Pravo that it would take "10 to 15 or more years" to create the social climate necessary for basic change in the economy. This can be of little consolation to Czechoslovak economic planners who want the individual to assume "greater responsibility" for production.

The measures entailed a devolution of responsibility from ministries to horizontal industrial trusts. The trusts should be able more freely to apportion central plan directives among their companies, which should eventually become self-financing with responsibility for investments, profit and loss. The Russian word "khozratschyot" — economic accountancy—is reiterated in nearly every speech by Czechoslovak officials who describe the urgent need to make companies financially accountable.

Profitable companies will be able to increase workers' wages beyond the previous limit of 20 per cent above the basic wage. Factory directors under the new system can double their salaries if successful while before they could earn only a quarter more. Successful research and development is to be lavishly rewarded, with a share of profits distributed to R and D teams.

CZECHOSLOVAKIA'S ECONOMY

National income (GNP excluding services)	Planned %	Actual %
1981	2.8	−0.1
1982	0.6	−0.3
1983	2.0	2.2
Industrial Production		
1981	2.2	2.0
1982	0.4	1.0
1983	2.4	2.7

Since last year six industrial trusts have had their Foreign Trade Organisations merged with them in a five-year experiment to eliminate the lack of market orientation among Czechoslovak companies. Producers were building machinery and churning out consumer goods which the foreign trade organisations could sell in neither the West nor the East. In an economy dependent on exports this lifted unsold stocks last year to a record level.

The basic problem, according to Czechoslovak foreign trade officials and economists, is that the country produces far too wide a range of industrial goods. Such specialities as do exist—textile machinery and machine tools, for instance—are hard to sell when automated with locally-produced microelectronics, which are years behind those in the West. The glass industry has failed to keep up with changing Western taste, while ham and other foods meet quotas and heavy price competition in the West and the East.

In an effort to improve matters, industrial prices for energy and raw materials are being steadily raised to approximate international levels, as are some consumer prices.

Construction companies will be paid not for a set volume of work but for a completed portion which is ready for use. Delayed projects involving major investment are a big headache, one of the most costly examples being the nuclear power programme.

Czechoslovakia is endowed with a well-educated, inventive population and has an industrial tradition going back to the 19th century when Bohemia was the workshop of the Austro-Hungarian empire. But it is difficult to motivate factory managers who were selected for their political reliability after Mr Alexander Dubcek's 1968 Prague spring was extinguished.

The further down the factory hierarchy one goes, the greater the lack of interest in change. Workers suspect the Government, with its ideas of wage differentiation, is out to deprive them of guaranteed pay for a minimum amount of effort.

S. Korea, down 4-1 in China, manages to seize diplomatic triumph

BY MARK BAKER IN PEKING

THE DAVIS CUP tennis eliminatioo contest beld this week in the south-west city of Kunming emphasises China's increasing de facto recognition of the anti-Communist Government of Sonth Korea.

The eight-member Korean Davis Cup squad that played in the three-day tournament was the first South Korean sports team and the biggest South Korean group to be allowed into China. While the South Koreans were heaten 4—1 in the Eastern Zone cup qnarter final, thelr visit scored a notable diplomatic breakthrough.

China is one of the closest allies of the ultra-leftiest regime of Mr Kim il-Sung in North Korea which is still technically in a state of war with the South.

But China's desire for a reduction in tensions on the Korean peninsula—and the necessltles of its own moves into the international community—have seen a significant increase in its unofficial contacts with South Korea during the past two years.

Six South Korean officials were last year allowed to attend international conferences in China, several South Korean individuals have been allowed to visit relatives, and indirect trade between the two countries is believed to have been growing significantly.

These contacts were given an unscheduled fillip when a hijacked Chinese domestic airliner landed in South Korea last May, wlth Shen Tu, a member of the Communist Party Central Committee, flying to Seoul to negotiate the return of the aircraft and request the bandlng over of the hijackers.

While the South Koreans refused to return the six hijackers to certaln execution ln China, lt also rebuffed appeals from Taiwan to resettle them as herolc refugees and senteoced them to jail terms of up to six years.

More recently, China has been active in attempting to ease the antagonism between North and South Korea and to promote posslhilities for dialogue between the two.

Hu Yaobang, General Secretary of the Chinese Communist Party, said late last year that he and the Chinese leader, Deng Xiaoping, had twice met witb Kim il-Sung and cautioned him against inflaming tenslons with the South. He said Kim had promised not to launcb an invasion.

In January, Zhao Ziyang, the Chinese Premier, carried a proposal to the U.S. on bebalf of North Korea proposing tripartite talks on reunification. While the plan has been rejected by South Korea as too narrow, it has illustrated China's continuing interest in peacemaking.

Western diplomats believe, however, that, while China ls happy to see some friendly links with the Sooth Koreans, full recognition is unilkely in the near future, especially while Seoul continues to recognise Taiwan as the legitlmate China.

China remains preoccupied with keeping a firm alliance with the North to ensure that the Soviet Union does not increase its influence in the area. To that end, it ls prepared to tolerate the excesses and Mao-like personality cult of the Kim il-Sung regime, including turnlng a hlind eye to the Rangoon bombing atrocity.

The new North Korean Foreign Minister, Kim Yong-Nam, visited China earller this month, Hu Yaobang bas accepted an invitation to visit Pyongyang later this year.

This week's visit by the South Korean Davis Cup team has shown the delicate balancing act which China is now playing between the two Koreas. While the visit risks drawing protests from the North Koreans, China had little choice but to grant the visas. In developing its role in international organisations and sporting competition, China has to play ball with some of its political opposites.

A South Korean delegatlan is expected to attend the 11th Asian Football Coofederation in Canton in early April. China is preparing to go to both the Asian Games in Seoul in 1986 and the Seoul Olympics in 1988.

Meanwbile, there have been bints that China is having some success in persuading Nortb Korea of the advantages of rourting economic contacts witb the world rather thao persuing isolationism.

During bis visit this month, Foreign Mioister Kim was taken on a tour of the Shumchun Special Economic Zone, one of the areas where China is concentrating foreign investment to develop new indnstries.

Mr Kim is believed to have shown considerable interest in the development and said that North Korea was contemplating setting up a similar zone for foreign iovestors—a bold plan, considering that bis Government has faltered in repaying foreign debts estimated to be in excess of $2bn.

Botha-Machel summit to sign non-aggression pact

BY BERNARD SIMON IN JOHANNESBURG

AN HISTORIC non-aggression pact is to be signed by South Africa's Prime Minister, P. W. Botha, and President Samora Machel of Mozambique next Friday.

The agreement, described as one of "non-aggression and good neighbourliness," is viewed as the most important step in many years towards defusing tensions between South Africa and its black-ruled neighbours.

The meeting, to he held on the border between the two countries, will be the first between the heads of the two governments since Mozambique's independence ln 1975.

The signing ceremony will take place close to the Eastern Transvaal town of Komatipoort where Foreign Ministers of the two countries met last year to start negotiations for the pact.

Details of the agreement have not heen released. It will probably commit South Africa and Mozamhique not to attack one another nor to allow each country's territory to be used by anti-Government guerrillas trying to infiltrate the other.

Mozamblque will thus have to rein in insurgents of the African National Congress, who have committed numerous spectacular sabotage attacks in South Africa in recent years. In return, Pretoria is expected to wind down support for the Right-wing Mozambique Resistance Movement (MNR), which has disrupted communications over a wide area of Mozamblque.

The agreement is likely to be followed hy closer commercial links between the two countries.

South Africa has offered to conclude non-aggression treaties with its black-ruled neighbours several times in the past decade and its approaches have heen rebuffed. Bnt Mozambique's economic plight, South African concern at the activities of ANC guerrillas within its borders and strenuous efforts hy the U.S. to facilitate an easing of tensions in the region have paved the way to warmer relations between the two countries.

Yamani warns of large oil price increases if Hormuz is closed

BY OUR MIDDLE EAST STAFF

SHEIK AHMED ZAKI YAMANI, Saudi Arabia'e Oil Minister, sald yesterday that there would be "very large increases" in the price of oil if the Strait of Hormuz was closed to international shipping because of the Gulf war.

Referring to a study just completed by his Ministry, Sheikh Yamani said that even with increased production hy non-Gulf producers there would be a net world shortfall of between 2m and 4m barrels a day.

The Saudi Minister, speaking in Dhahran, estimated that 8m h/d would be removed from the world market by a closure of the strait. It was unlikely that much more than an additional 4m b/d could be produced to compensate by producers in other parts of the world.

He also warned that an extended closure of Hormuz threatened hy Iran, would bave a serious impact on those Gulf countries which relied on gas produced in association with oil to fuel power stations and industry.

Sheikh Yamani also went some way to conceeding that Saudi Arahia had been building up stretegic reserves of oil. "What the newspapers bave been saying about Saudi strategic reserves is to some extent true," be said.

Saudi Arabia is believed to have at least 50m barrels of oil in tankers outside the Gulf.

Although Sheikh Yamani sald he was "boping for tha best" he did not expect there would be a quick end to the Gulf war. He described the fighting as a "dark cloud" hanging over the region and the petroleum industry.

Meanwhile, Iran has offered concessionary insurance rates for ships sailing into its ports. This follows a succesful Iraqi air attack on at least four ships at the head of the Gulf a week ago.

The Iranian news agency reported yesterday that the Iran Insurance Company would insure all oil tankers loading at Kharg Island and other Gulf terminals at a premium of 1 per cent of their value. This would apply equally to ships and their cargoes.

Britain yesterday called in the Iraqi Ambassador in London to protest at the attack on a British vessel in the Gulf last week. The 19,000-ton bulk carrier Charming was hit and later caught fire as it was approaching the port of Bandar Khomeini.

Hojatoleslam Ali Akbar Hashemi Rafsanjani, Speaker of the Iranian Parliament, said yesterday after a meeting of the Supreme Defence Council in Tehran that Iraq was vulnerable along the entire 625-mile battlefront. With so many of its forces mobilised, Iran would not confine its offensives to the southern sector, he said, adding: "We sbould try to push the war straight through."

Jordan votes for the first time in 17 years

Fifties firebrands confront the apostles of pragmatism

BY RAMI G. KHOURI IN AMMAN

THE PEOPLE and politicains of Jordan are making up for lost time. On Monday by-elections for eight vacant seats in the Jordanian Parliament will be held, breaking a 17-year political drought. The streets of Amman and other towns are decked with multi-coloured banners carrying pictures of candidates and slogans.

Newspapers are full of political advertisements, and extensive electoral manifestos. Young boys thread their way through cars stopped at red lights, handing out campaign literature. Shopkeepers distrihute leaflets about their favourites to customers and car and truck windows are plastered with the little faces of politicians dealing with hig issues.

The resumption of parliamentary life in Jordan has rekindled the peopla'e thirst for politics. The hy-elections are the first major skirmish, with a full general election for the 30 seats representing the East Bank of Jordan widely anticipated within a year.

The Jordanian Parliament's elected Lower House has 30 West Bank and 30 East Bank members and was last elected in April 1967. The Arab-Israeli war of that year and the Israeli occupation of the West Bank precluded new elections.

The entire Parliament was suspended in 1974, wben the Arab summit at Rabat recognised the Palestine Liberation Organisation (PLO) as the sole legitimate representative of the Palestinians, making it politically awkward for half the Jordanian Parliament to come from the Palestinian West Bank.

Earlier this year King Hussein recalled the Parliament in response to intensified demands from East Bank Jordanians for a resumption of popular participation in the political process.

The eight by-elections have been caused by the deaths of former East Bank parliamentarians. Contesting the seats are 116 candidates, whose numbers are surpassed only by the range of their policies on local and regional issues.

Martial law has been in force in Jordan since 1967 and seven political parties are banned, so the candidates nominate themselves and stand as independents. The Interior Ministry bas prohihited mass meetings, public rallies, the use of loudspeakers and posters in the streets.

This has taken the edge off the election campaign, blunting the Arab tradition of fiery rhetoric and turbulent street meetings. Tbe most beated campaign is in the Amman district, where one vacant seat is being contested by 31 candidates.

Most of the candidates are concentrating on a few key issues: strengthening the armed forces and national security, promoting parliamentary and democratic institutions; supporting industry and agriculture; spreading the gains of development more evenly throughout the country; providing more educational opportunities for the young and improving the condition of teachers; giving women better participation in the country's development, and enhancing pan-Arab co-operation in the struggle against Israel.

Emotional slogans of support for the Palestinians and the PLO are common, as are calls for the return of Arab East Jerusalem to Arab control. Most candidates stress the need for Jordanian-Palestinian joint action.

A few of the more daring candidates openly go against the grain of state policy by categorically rejecting the Reagan Mideast peace initiative and opposing what they call "capitulationist solutions" to the Palestinian problem. While Jordan has not accepted the Reagan initiative in full, lt has viewed it as a generally positive move that could be exploited hy the Arabs.

The Interior Ministry was asked to ban slogans against the Reagan initiative, but decided in the end that all opinions should be freely and openly expressed during the campaign.

The candidates represent all political and social currents in the Arah world: old-guard Ba'athists and pan-Arab nationallsts from the 1950s, Right-wing Islamic Fundamentalists, revamped Socialists and Leftists last heard of in the early 1960s, young technocrats and highly educated businessmen, politically ambitious youngsters from the countryside, dreamers from the city, traditional East Bank tribal leaders, and an assortment of others characterised more by their enthusiasm than by an expectation to win.

Among the more interesting candidates are:

- Mr Faris Suleiman Nabulsi, contesting the Amman seat. Aged 37, he is the son of the late Prime Minister Suleiman Nabulsi who headed a controversial Leftist Government in the 1950s. He stresses the need for a fully democratic Life and political institutions.
- Dr Rajai Muasher, a highly educated, internationally-minded 40-year-old businessman and former Economy Minister, running for one of three seats in the Balqaa district; he stresses economic and agricultural issues.
- Mr Laith Eshbeilat, the young and politically ambitious former president of the Jordan Engineers' Association. He warns against "capitulationist solutions" and calls for mobilising the nation to deal with the threats it faces.

Other candidates appealing to special interest groups have called for indexing Government salaries to inflation, protecting Jordanian jobs from foreign workers, increasing the benefits of pensioners, supporting youth groups and, in one case, supporting the sporting movement in the country.

The election campaign appears to be breaking down the decades-old political order of the Arab world. Traditional tribal and family strangleholds on both candidates and voters have started to loosen. Impassioned but largely bankrupt pan-Arab slogans are gradually giving way to more domestically oriented, practical and technical issues, championed by younger better educated and more down-to-earth would-be political leaders.

While the campaign still includes the occasional nostalgic whiff of a fifties firebrand exhorting the Arab masses to confront the imperialist, Zionist, colonialist conspiracy, the citizenry appears increasingly concerned about more mundane issues such as jobs, water, education and taxation.

In a sense, Monday'e election is something of an emotional spree, allowing both Jordanian politicians and voters to get rid of the frustrated political energy that has been pent up for 17 years. The expected general election will be a more accurate barometer of the political pulse. For the time being, Jordan is happy to savour the novelty of a public campaign and an open discussion of political, economic and social issues.

King Hussein accuses U.S.

KING HUSSEIN of Jordan yesterday accused the U.S. of being behind Israel's occupation of Arab territories. In an interview with three Jordanian newspares, the king also said his recent talks with Palestine Liberation Organisation leader, Yasser Arafat, were a success.

King Hussein, one of America's steadiest allies in the Arah world, said that the U.S. had failed in its responsibility "to put an end to Israeli settlements" on the occupied West Bank and had failed to get Israel to withdraw from Southern Lebanon.

He hoped Lebanon's decision to cancel its troop withdrawal agreement with Israel would provide a new impetus for peace in Lebanon. But he said any solution of the Lebanese civil war can only be partial until Israel withdraws its forces from southern Lebanon.

Top Japanese politician attacked

BY JUREK MARTIN IN TOKYO

MR KIICHI MIYAZAWA, a leading contender for the Japanese Prima Ministership, escaped with apparently only minor injuries yesterday after being attacked in a Tokyo hotel.

Mr Miyazawa was allegedly lured to a room at tha New Otani Hotel by a telephone call purporting to come from a prominent religious organisation with known political influence. When he arrived there, a man attacked him first with a knife and then after a protracted struggle—with a heavy glass ashtray.

Police identified Mr Miyazawa's attacker as Hirosato Higashiyama from Sapporo, reportedly a freelance journalist.

Mr Miyazawa has emerged since last December's general election as probably the most serious challenger to Mr Yasuhiro Nakasone as president of the ruling Liberal Democratic Party, and consequently Prime Minister.

A former Chief Cabinet Secretary, Foreign Minister and Director-General of the Economic Planning Agency, Mr Miyazawa had been excluded from the second Nakasone Cabinet in an overt attempt by the Prime Minister at neutralising him politically.

But, overcoming his well-known diffidence, Mr Miyazawa has embarked on organising an extensive campaign against the Prime Minister. He is a leading member of the centrist political faction beholden to Mr Zenko Suzuki, the former Prime Minister.

Some indication of his standing was provided yesterday by the politicians who visited him in hospital. They included Mr Nakasone, Mr Suzuki and, most notably, Mr Kakuel Tanaka, the controversial eminence grise of the party.

Australian pay talks disrupted

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AN ESTIMATED 300 placard-waving trade unionists disrupted a national wage case hearing in Melbourne yesterday, claiming they wanted an immediate 4.1 per cent wage increase.

They were rebuked by Mr John Moore, the presideot of the Arbitration Commission, who was listening to counsel for the Confederation of Australian Industry (CAI), arguing that a national indexed wage increase of 4.1 per cent for all Australian workers should not be granted.

Centralised wage fixing, plus six-monthly wage increases indexed to the cost of living, form part of the pay and prices pact between Mr Bob Hawke's ruling Australian Labor Party and tha Australian Council of Trade Unions.

A 4.1 per cent wage increase seemed certain to be granted by tha commission, in spite of growing opposition to indexed wage increases among employers, who claim they will fuel inflation and harm employment.

Yesterday, the Business Council of Australia, representing 65 of the country's biggest companies, joined the CAI in opposing any new wage increase.

هكذا منذ الأصل

Reagan bid to rush Salvador aid risks outcry

By Reginald Dale, U.S. Editor, in Washington

PRESIDENT Ronald Reagan yesterday risked a major new outcry in Congress over his Central American policies by seeking to bypass normal Congressional procedures in order to rush $93m worth of emergency military aid to the embattled U.S.-backed Government of El Salvador.

The Administration is deeply concerned that the long and complex Congressional debate over its controversial overall aid plan for Central America will hold up urgent funds for the El Salvador Government, which ran out of U.S. military aid at the end of February, according to tha Whita House.

The White House made a similar, and equally controversial, request for an extra $21m in funds for the U.S.-backed rebels fighting the Sandinista Government of Nicuragua, the so-called "contrats," whose operations are strongly opposed by Congressional Democrats.

The plan was for the El Salvador funds to be attacbed to legislation providing food aid for drougbt-stricken countriesln Africa and the Nicaraguan funds to be added to a bill anthorising money for low-income Americans who cannot pay their beating bills. The Administration believes that it will be difficult for Congress to reject either of these bills.

The move nevertheless threatened to cause a major revolt by Congressional Democrats, who with some Republicans have been trying to submit further military aid to El Salvador to extremely strict new political and human rights conditions. Congressional sources were already warning yesterday that Mr Reagan'a plans could backfire badly.

As part of his overall long-term $8bn plus aid plan for Central America, Mr Reagan asked for $178m in extra military funds for El Salvador this year and $132.5m next year, but no bill is expected to emerge before the summer.

Congress has already approved $64.8m in military aid for this year, of which about $45m has been spent. The remainder has not been released because Congressional human rights conditions bave not been fulfilled.

Democrats in the House of Representatives are still debating the earlier military requests.

Hart 'rabble' roused, funds flow in

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

GETTING through to Senator Gary Hart'e campaign beadquarters has suddenly becoma one of Washington's more arduous tasks. Since his smashing victory in last week'a New Hampshire primary, tha switchboard has been virtually permanently engaged—and at the officially listed address of his office there is nothing more than a large and ageing motorway viadnct.

A search of the neighbourhood leads finally to a small door, surmounted by a blua and white "Hart for President" flag. Tha building is next to a rundown cinema which was yesterday showing "Scarface" While his rival, Mr Walter Mondale, is comfortably installed in a modern office block on the edge of fashionabla Georgetown, "Americans with Hart" are encamped in a sleazy district eight blocks south-east of the Capital, which qualifies only with some imagination as a Capitol Hill address.

The Hart headquarters is a disused warehouse on top of the cinema, previously the home of a string of now bankrupt businesses. They included, campaign workers say, a dealer in pornographic films. There are no carpets, only a few broken bits of furniture and precious few typewriters or telephones.

The 6,000 sq ft space is cluttered with cardboard boxes, full garbage bags, old newspapers and piles of as yet unanswered pink telephone message slips. The influx of new volunteers in the past week has put such strain on the plumbing that it is now leaking into the cinema below.

But a vibrant enthusiasm pervades the shambles. Mr Skip Durazzo, the volunteer director, says that 1,200 people have called the office to offer their services in the past two weeks. Before that "it was tough to find 20," ba says.

In keeping with Mr Hart's campaign image, the volunteers are young. Most of them are working round the clock, doing another full-time job by day or night. Seventy are being taken on, some to answer the post and the telephones, which were doubled in number to 48 yesterday, and others to be sent ont into the field.

The Hart beadquarters is a Post and telephone calls to the headquarters have risen "exponentially" in the last few days, and more funds are now flowing into the campaign each day than they did in a month last year. Over $200,000 was received in three days last week, according to Mr Oliver Henkel, the campaign manager.

Veterans of Mr Hart's "dark horse" days are now taking prida in distinguishing themselves from the newcomers, adding the letters BNH, standing for Before New Hampshire, to their campaign buttons.

Overnight, tha campaign staff has changed, says Mr Durazzo, from "a hrand of quiet, dedicated, core supporters to an unmanageable but enthusiastic rabble."

But despite Mr Hart's new national popularity, tha workers do not want to leave the premises and tha neighbourhood to which they have grown accustomed. Says one worker: "We hava got very close to the liquor store and the Chinese restaurant."

BURNHAM BATTLES WITH IMF

Guyana sinks into economic quicksand

BY CANUTE JAMES IN KINGSTON

GUYANA HAS the money to pay its mounting debts—if only it can get its hands on it. A recent report on the country's economy by the International Monetary Fund said the country was losing about $1.7m each week through the smuggling of its gold and diamonds to foreign markets.

Mr Forbes Burnham, the Guyana President, puts the losses much higher. Last year be asked Barbados to help curb tha smuggling which he said was costing his country $10m a month.

In fact, there is little that President Burnham, with or without outside help, can do. But if be could divert even a fraction of the illegal outflow into the cash-starved national coffers, then Guyana's severe and worsening economie beadaches could be closer to being cured.

For the country is sinking helplessly into the economic quicksands. This was made plain in recent statements by Mr Carl Greenidge, the Finance Minister, who said that the only way to solve a "clearly unsustainable" economie problem was through rescheduling payments on the country's foreign dabt.

Guyana's debt of $1.3bn makes it the most indebted country per head of population in the Americas. It is paying out 42 per cent of all it earns from exports to meet tha cost of debt servicing. President Burnham has not yet decided bowever on tha proposals be can put to his major creditors. He must first come to terms with the IMF, whose approval would give foreign borrowers a basis for negotiation. Talks between the Fund and tha Government have been going on for nine months, and the relationship betweeo the two has been tortured and uncertain for five years. There are no immediate signs of a new agreement.

Guyana had no access to IMF credits in 1979, 1980 or 1982. Last year it asked for an extended fund facility of $175m, but President Burnham baulked at the conditions demanded — a sharp devaluation and the removal of subsidies on basie foods such as rice and sugar.

This year the Government is making new attempts to come to terms with the Fund. Last month the Guyanese dollar was devalued by 20 per cent and local bankers suggest a further slide is likely. The present black market rate is G$10 to tha U.S. dollar, compared with an official rate of G$3.75. Reports from Georgetown suggest that some consensus may eventually be reached over the size of the devaluation.

Guyana's budget, however, remains wildly unbalanced. Mr Greenidge has just submitted estimated expenditure plans for U.S.$400m, although revenue is not expected to exceed $148m. To help bridga the gap, the Minister says, $46m will have to be borrowed abroad.

This is unlikely to be easy. Potential lenders will recall that last year tha Reagan Administration cancelled two project loans totalling $22.8m. The Guyanese claimed that this was because they bad opposed various U.S. foreign policy aims; the White House said it was because the conditions for the disbursement of the loans had been breached.

The country's foreign trade account is likely to be equally unbalanced. Despite savage reductions, imports are still expected to outstrip exports. Guyana has stopped buying wheat flour from abroad and the government has told the people to use home-grown rice flour instead.

Bauxite, rice and sugar, which account for 70 per cent of the country's export earnings, have been doing badly. Bauxite production in the first six months of last year came to only 486,000 tons against total annual output of 1.42m tons in 1982 and 1.68m tons in 1981.

Despite sacking 1,700 out of its 6,000 workers, the state-owned Guyana Mining Enterprises lost $25m in tha first six months of last year and total losses in 1983 have been predicted by Mr Dunstan Barrow, the chief executive, at $81m.

Though the sugar industry has the capacity to produce 450,000 tons a year, it bas been struggling hard to reach its target of 300,000 tons. The riea crop, which was expected to yield 188,000 tons last year missed the mark by 100,000 tons.

It seems inevitable that the economy will contraet once again this year after two disastrous years already. The gross domestic prodnct shrank 10.6 per cent last year and 13 per cent in 1982.

There seems little the Government can do except make its peace with the IMF, unpaletable as that may be to President Burnham.

Protests fail to prevent seal cull

By Our Foreign Staff

CANADA'S seal hunt, despite being the target of a new campaign by environmentalists, is to go ahead this year. M Pierre de Bane, Fisheries Minister, said on Wednesday night that Ottawa would refuse to give in to "despicable criminals."

Mr Allan MacEachen, Minister for External Affairs, had said earlier that the Governmeot was considering an end to the annual cull amid concern about a campaign by environmentalists in Britain and the U.S. to boycott Canadian fish.

However, M de Bane said: "Those whe resort to lies and blackmail are the most despicable criminals I can think of and seeing them trying to destroy the livelihood of our fishermen is another crime they will have to bear."

Anguilla plan to legalise dollar

MR RONALD WEBSTER, Chief Minister of the British Caribbean island colony of Anguilla, is planning to make the U.S. dollar legal tender if be wins a general election being held tomorrow, writes Canute James from Kingston.

Mr Webster also plans to retire from politics at the end of the next term if he again defeats Mr Emile Gumbs, the Opposition leader.

Mr Webster is expected to retain the premiership of the 91-square-mile island of 6,500 people. He has led the island since the late 1960s when Anguillans revolted against rule from neighbouring St Kitts, and opted for direct rule from London.

Uruguay frees political prisoner

URUGUAY'S military government has decided to free Sr Liber Seregni, a former left-wing presidential candidate and one of Latin America's best-known political prisoners, after detaining him for eight years, writes Our Foreign Staff.

Political officials said Wednesday's Supreme Military Court's ruling was a major conciliatory gesture by the armed forces towards politicians ahead of the elections promised for November.

U.S. car workers pledge to claw back concessions

BY TERRY DODSWORTH IN NEW YORK

U.S. AUTOWORKERS will go into the next round of pay negotiations this summer pledged to fight for a new programme of job security and substantial earnings and pensions increases.

At the end of a three-day conference in Detroit yesterday, 2,500 delegates from throughout the U.S. and Canada gave their executive broad support for a programme aimed at restoring most of tha financial concessions made by the workforce during the slump in the industry in 1982.

Mr Owen Bieber, the new president of the United Auto Workers Union (UAW) successfully resisted efforts from the militant wing of the organisation to put firm figures on this year's demands.

A group calling itself "Restore and More" had wanted to tie the union to fight for a full restitution of the $6,000 (£4,286) the everage worker is claimed to have lost from the 1982 concessions. But Mr Bieber argued that the negotiators needed to have a free hand at the bargaining table turning down a request to set a clear $1,500 a year target for pensions on similar grounds.

The issue of job security, which has never in the past figured as one of the main preoccupations of the UAW, emerged into the limelight.

Even after substantial rehirings last year hourly employment in the industry stands at just 565,000, some 170,000 below the figure in the peak year of 1978.

Mr Bieber's plans for tackling this problem include a drastic reduction of overtime working, which is widespread at the moment, a strengthening of contractual restraint on company outsourcing deals, and the development of employment guarantee programmes.

He argued that overtime worked in just three months last year could have provided full-time employment for an average of 95,000 workers.

On wages, he outlined a strategy which broadly conforms to the traditional system which was changed in 1982. The union wanted to maintain profit-sharing—introduced at that time—but not at the expense of normal increases in real wages, he said.

Hinting that these demands would be backed up by strike action if necessary, he said: "If the power of persuasion does not work, we will use the persuasion of power."

Nicaraguan port strafed by right-wing guerrillas

BY TIM COONE IN MANAGUA

RIGHT-WING guerrillas have attacked the southern Pacific coast port of San Juan del Sur in Nicaragua. According to local residents, a high-speed launch entered tha bay at late on Wednesday night and for 10 minutes strafed port installations with heavy machine guns.

So far no details of damage or casualties have been released by tha Government.

The raid on the port, until now the only one to have escaped an attack, demonstrates the ability of the U.S. backed contras fighting the left-wing Sandinista government to launch attacks along the entire Pacific and Atlantic seaboards of the country.

The ports of El Bluff and Corinto were mined by guerrillas last week, but according to local shipping agents, ships are still moving in and out of the ports normally.

On Tuesday, military installations at Montelimar on the Pacific coast, about 40 km west of the capital Managua, were mortared and machine-gunned Espino in the north of the country, a lorry carrying 9,000 galoins of propane gas was blown up.

This latest wave of attacks has brought Nicaraguan-Honduran relations to a new low point following the expulsion on Wednesday of a Nicaraguan diplomat from the Honduran capital.

The Nicaraguans claim the diplomat was expelled for publicly criticising the Honduran Government.

WORLD TRADE NEWS

Export controls 'not used to give U.S. companies an edge'

BY CHRISTIAN TYLER, TRADE EDITOR

CLAIMS by some European high-technology companies that the U.S. is using export controls to give American companies a commercial edvantage were flatly denied yesterday by Mr Lionel Olmer, U.S. under-secretary of rommerce responsible for international trade.

Mr Olmer pointed out that American companies were just as concerned as the Europeans that their foreign trade was being hampered by controls imposed for security reesons.

He took issue with compleints raised this week by Mr Norman Tebbit, without mentioning the British trade and industry secretery by name.

Mr Tebbit bad mentioned "suspicions" that the U.S. was manipuleting its licensing procedure and accused the U.S .of being unrealistic ebout technology transfer control.

In a speech yesterday to the American Chamber of Commerce in London, Mr Olmer said the U.S. was mainly conceroed with enforcing the multilateral Neto rules designed to prevent militarily-usetul technology reaching the Soviet bloc.

"We ere not trying to stop technology transfer to our ellies, nor are we encoureging economic warfare. But we are trying to balance real security roncerns witb tbe ebsolute need for open markets between our trading partners," he said.

The U.S. wanted tn see e rompetitive high-technology industry in Europe. Without that, the U.S. would lose its best customers end the benefits of Europeen edvances. He welcomed the joint research programme Esprit as an opportunity for European-registered

Mr Olmer: enforcing multilateral Nato rules

rompanies of whatever netional origin.

But Mr Olmer blunty ettacked what he called tbe proliferation of government programmes to promote "targeted" high-technology sectors.

Quoting a number of recent European protectionist decisions, be said bistory sbowed that government intervention in the form of market protection or subsidies stultified innovetion and dameged the protected industries by denying them access to cheap foreign components.

Mr Olmer later met Mr Tebblt for a two-hour discussion on the letest attempts to defuse e related Anglo-American dispute about the extraterritorial reecb of U.S. trade laws.

He was returning to Washington last night to prepare for the House and Senete conference on controversial legislation to renew the Export Administration Act 1979.

U.S. wine ruling welcomed

BRUSSELS — The Europeen Commission yesterday welromed the rejection by the U.S. International Trade Commission (ITC) of complaints about wine imports from Frence and Itely.

However, "the Commission continues to be conceroed with the numerous petilions for import relief still outslending in olher sectors," a statement said. These include footwear and steel.

On Tuesday, the ITC hed ruled that wine imports into the U.S. from the two rountries were not injuring domestic grape producers. This means thot the U.S. Commerce Department and the ITC will end an investigetion of charges by producers in California and other states that dumped end subsidised wines from France and Italy heve seriously harmed the industry. AP-DJ

John Elliott in New Delhi reports on a project to take offshore gas to fertiliser plants inland

Bidders line up for giant India pipeline orders

INTERNATIONAL consortia of pipeline construction companies led by Nova Corporation of Canada and ENI of Italy are dominating the early stages of a race for massive contracts for e $1.7bn natural gas pipeline which Indie plans to start building next January.

It will be one of the biggest recent international pipeline projects and is attracting the interest of compenies from all parts of the world including Japan—wbere Toyo may lead a ronsortium — Eastern Europe, the U.S., and France as well as Italy and Canada. British Steel is involved in the Canadian bld and Rolls Royce hopes to win compressor station offers.

Tbe pipeline will cut diagonally ocross India, running for 1,800 km, including three spurs, from Hasira near Surat, north of Bombay, to barely 200 km east of New Delhi.

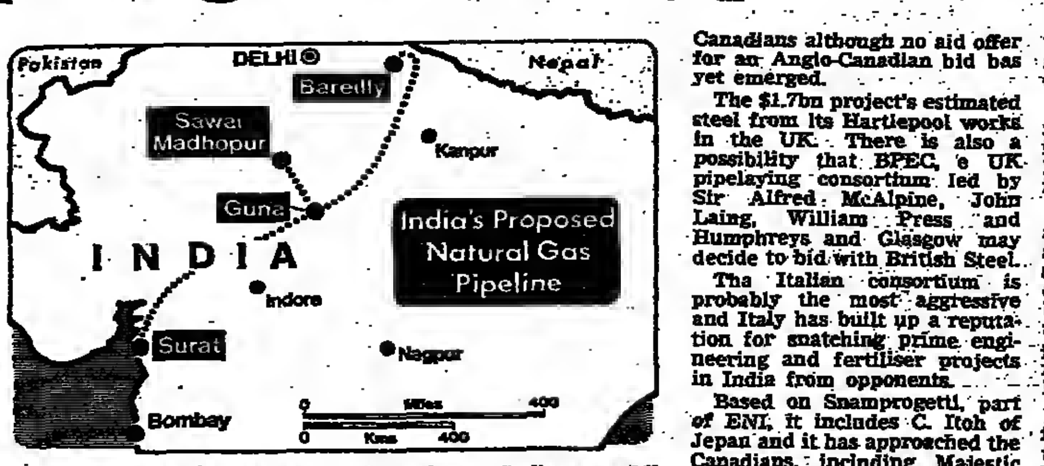
Its organisation will be e major feat, and both sociel and transport problems are likely as viltage life is disrupted in rural areas along the route and when roads are blocked by convoys of lorries carrying pipes to the sites.

Tbe pipeline will take natural gas from tha Bombay High field to six fertiliser plants costing $3bn and which are to be built with international support and technology over the next five yeers.

The Indian Government's Public Investment Board has recently given the project the go-ahead. Early cabinet epproval is expected once the Finance and Petroleum Ministries bave decided wbether to try to finance and organise the project on a turnkey basis or beve a number of separate rontracts. It may also decide to keep three of the pipeline's six sections for Indian-led consortia, leoving three for foreign blds.

On the present schedule, contracts for the first four southern end eastern sections of the line should be placed by summer. The first pipe would be laid by next January. The winners will be companies backed by sufficient eid in grants, soft loans and credits from their Governments to cover $600m to $700m of foreign exchange needed for importing equipment end know-how, plus further support to belp pay for $1bn to be spent in India.

India is short of aid and nf internally generated resources for its numerous development projects. So the problem now being discussed in the Finance Ministry is how to tap the biggest amount of foreign finance and expertise while maximising the role of Indian companies, a politically sensitive fector because a general election



is due by the time the contracts start.

British Steel ie keen to sell cost includes: $600m for buying pipe of 18-36 inches in diameter which will probably have to come from several different countries because of the quantities needed; $250m for laying pipe; $250m for compressor stations; and $65m for telecommunications.

The client will be a new Netional Gas and Pipelines Corporation which is to be hived off from the Covernment-owned Oil and Natural Gas Commission. The consultants are Engineers India, a rapidly growing pnblic sector organisation which has just appolnted Cas Unie of Holland as beck-up consultants.

Tbe best organised consortium proposal at present appears to be the Canadians' wblcb cover both the work and finance and bas its government's backing. Led by Nova, which worked on the Alaska Pipeline, it includes Majestic Wiley which was involved in the Assam pipeline ebout 10 years ago in northeast India.

Tbe British Government has been in contact with the Canadians although no aid offer for an Anglo-Canadian bid bas yet emerged.

The $1.7bn project's estimated steel from its Hartlepool works in the UK. There is also a possibility that BPEC, e UK pipelaying consortium led by Sir Alfred McAlpine, John Laing, William Press and Humphreys and Glasgow may decide to bid with British Steel.

Tha Italian consortium is probably the most aggressive and Italy has built up a reputation for snatching prime engineering and fertiliser projects in India from opponents.

Based on Snamprogetti, part of ENI, it includes C. Itoh of Jepan and it has approached the Canadians, incinding Majestic Wiley, about a possible link-up. The Italian Government would probably provide $200m at most in aid, so it needs the financial support from other countries if it is to win more than e couple of sections of the project.

From Jepan, Nippon Kokan is believed to be interested and and pverall Japanese consortium bid is being assembled, possibly by Toyo.

Entrepos of France is also believed to be in discussion with Bridge and Roof of Calcutta, a Government-owned company and one of many Indian companies that will eventuelly heve to be absorbed into the winning groups to satisfy government conditions.

There is no consortium bid from the U.S., although some of its companies including General Electric and Bechtel are making inquiries.

From Eastern Europe there are reports of Czechoslovakia and Polish concerns wanting to supply pipes. This might be organised in such a way as to boost Indo-Soviet trade, at a time when India is under pressure from Russia to import more Soviet goods to correct a large trade imbalance.

Exactly how these various foreign interests assemble themselves for bids will not become clear till the Indian Government decides whether to offer the project as a single turnkey basis, which is nnlikely, in two or three parts allocated to different countries, or in six smaller sections. Meanwhile, the competitors now essembling in New Delhi are watching two countries closely on what will eventually be a highly political project—the Italians because of their apparently hefty political pull in New Delhi and the Japanese because a deal on part of the project might be finalised to coincide with a visit by the Japanese Prime Minister planned for six to eight weeks.

British companies set to sign Sri Lanka airport contract

BY LORNE BARLING

A £24m project for the expansion and improvement of Colombo Airport in Sri Lanka is to be undertaken by CEC Electrical Projects of Rugby, witb five otber British companies involved in the supply of equipmeot.

Tbe eward of the contrect marked o significant success for the recently formed UK airports group, a loose associetion of specialist companies seeking airport development work world wide.

The contract, to be eigned today following approval yesterday by the Sri Lankan Covernment, includes orders worth £18.2m for equipment and services from British companies. CEC, as lead contractor, will heve total commercial and technical responsibility.

An aid and trade provision grant of £5m has been provided by the Overseas Development Administration, while the Export Credits Cuaranlee Department is backing a Eurodoller loan erranged by Manufocturers Hanover Export Finance.

The expansion is being undertaken because of the increasing demand of the tourist trede, a CEC official explained.

"Since it is on one of the major routes to the Fer East and the Antipodes, the maintenance of international safety standards for the operation of air traffic through its sectors for overflying end landing aircraft is essential."

Tourist and cargo traffic at Colombo have heen increasing rapldly end a new airport terminal is tn be built with the help of Japanese aid.

GEC Electrical Projects is to supply runway lights, epproacb systems, lighting and otber electrical equlpment inclnding power distribution, wbile Marconi Radar will provide the instrument visual range system, meleorology equipment end data processing.

The other British companies participating are Racal Decca, Thorn-EMI, IAL and Carter Mecbanical Services.

The project encompasses all the utility services sucb as water supply, a new control tower, cargo and maintenance buildings, a navigational services complex and floodlighting.

CEC said the contract followed a major airport project in Brazil, now being completed, and was confident that further orders would be forthcoming.

Belgian group to aid Liberian palm oil project

The Liberian Government has conclnded a $22m agreement with VDK of Belgian to consolidate and co-ordinate the entire pnblic sector oil palm industry in Liberia, Our Trade Staff reports.

Liberian President Samuel Doe announced the accord on Monday following his return home from Belgium.

The project will inclnde the modernisation of old mills, building new nil mills and developing the infrastructure for collection and purchase from smallholders and the establishment of a palm oil refinery.

The agreement, Mr Doe said, would help in the creation of a National Palm Corporation, and consolidate Government's fragmented bolding and interests in oil palm activities in Liberia.

Rome-Cairo accord paves way for nuclear bid

BY CHARLES RICHARDS IN CAIRO

EGYPT and Italy have signed an agreement in Cairo on the supply of equipment to the nuclear power industry.

The agreement was signed by the visiling Italian Foreign Minister Sig Giulio Andreotti and his Egyplian counterpart, Mr Kamal Hassan Ali.

The agreement clears legal obstacles to the participation of Ilalian companies in the construction of nuclear power plants in Egypt.

Egypt is now considering five bids for the construction of ona or two 1,000 megawett pressurised water reactors at Al Dabaa, west of Alexandria, the first of eight that Egypt hopes will supply 40 per cent of electricity demand by the year 2000.

Bids have come from a consortium headed by Framatome of France and Nira of Italy, Westinghouse of the U.S., Bechtel of the U.S., and Kraftwerker Union of West Germany.

Bids were invited from any country with bileteral nuclear egreements with Egypt, such as France, West Cermany and the U.S. The fact that the bids were lodged by some companies before the appropriate co-operation agreements were signed is clearly of no worry to the Egyptians.

The Italian Government has also said that it will guarantee up to 40 per cent of any loans, up to $600m, of the contract goes to the French-Italian consortium.

Financing is likely to he the key to winning the contract, and the American Export-Import Bank is said to be reconsidering its initial refusal to provide cover for the Westinghouse bid.

ENERGY REVIEW

Norwegians pin hopes on £20bn British Gas deal

By Richard Johns, Energy Correspondent

NORWAY, WITH the second bigbest standard of living in Western Europe after Switzerland, will badly need the revenue from the deal concluded between Statoil, its state oil corporation, and the British Gas Corporation last month.

The draft contract covers supplies of gas to Britain from the Sleipner field and could eventually be worth £20bn or so. But it still ewaits approval by the British Government and, in particular, en inscrutable but epparently bostile Treasury. For the moment, Statoil and British Gas, whicb needs the gas to make up for e shortfell projected from 1990 onwerds, have wisely resisted tempting providence by any premature celebrations.

Interviewed recently in Oslo, Mr Kaare Kristiansen, Minister of Energy and Petroleum, made no bones ebont the importance of the deal for Norway. "Our main problem is thet we are so dependent on the income from the oil eector that if production should fail to keep the level we now aim et or if the price sbould go down it will be a very grave situetion for the state budget."

Related to this concern is the long-term objective of increasing the rountry's share of the European gas market and providing an alternative to the Soviet Union—a politicaliy safer and more desirable option, as Norwegian politicians and officers never cease to emphasise—towards the end of the century when a growth in demand will coincide with e fell in UK and continental output.

The Norwegian Government originally aimed at submitting to the Storting (Parliament) e Sleipner development plan, for which e supply contract is a prerequisite, in the spring of last year. Since the price haggling began in earnest last summer Stetoil bas to any extent, been eble to play off the consortium led by Ruhrgas of West Cermeny (which includes also Gaz de France, Distrigaz of Belgium and Gasuni of the Netherlands) against British Gae. Bnt that ploy was complicated by the group's requiremant that the high carbon dioxide content in the gas from the main structures should be removed on the off-sbore platforms.

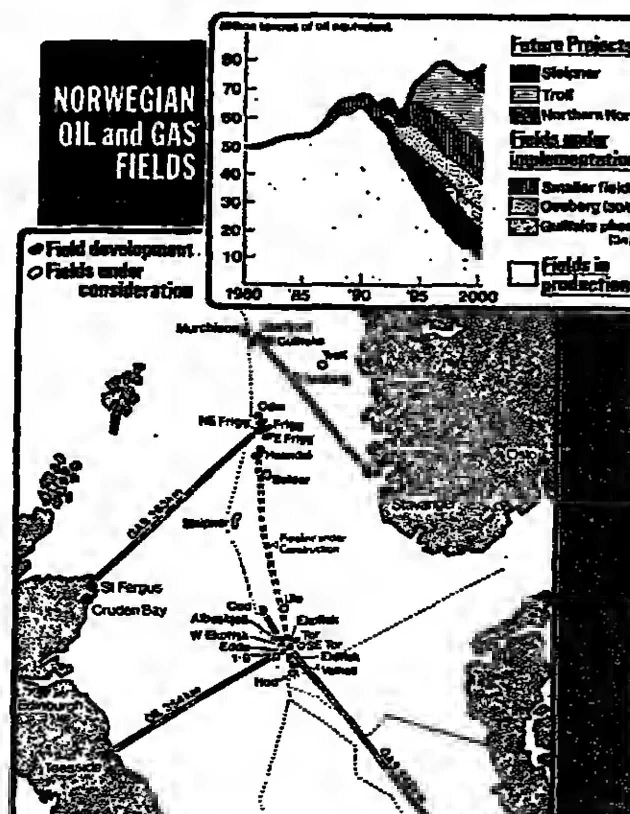
In any case, it became increasingly clear that Britisb Gas had the more urgent need for the gas and that it was more likely, therefore, to come closer to Statoil's price demand.

No bard information has leaked about the price actually struck in the deal. But it is believed to be in the range of $4-4.15, or about 27-28p, per therm at the current rate of exchange — compared with the 24p the corporation is paying for gas from the Frigg field. In 1982 Ruhrgas agreed a base price of $5.28 (subsequently de-escaleted in line with crude oil and product prices) but that was of better quality and the consortium justified the premium rate also on the grounds that a high one was needed to cover the cost of the pipeline delivery system to the Continent.

Whatever price has been agreed by British Gas, it is likely to be regarded by Norway as strengthening the argument that Europe must be prepared to pay significantly more for foture supplies of its gas than for those from the Soviet Union. The cost of developing the next generation of fields, such as the Troll, which are in deeper water, will be considerable. In the meantime there is a perceptible anxiety that the deal should be cleared in time for the Storting to epprove it before the summer recess. With its autumn session almost wholly taken up with the budget, there will not be another opportunity until next spring for it to review any new oil or gas development.

Norway's general ecceptance of the need to sustain and also to increase hydrocarbons output is in marked contrast to the situation a decade ago. The main preoccupation then was with ensuring that the industry would not dominate and even "Kuwait-ise" (Mr Kristiansen's word) the country'e economy. Petroleum wealth was considered a mixed blessing when production atarted in 1971 and looked on with grave suspicion or even some bostility in some quarters. Rapid development of the industry was opposed by those keen on preserving a traditional way of life and protecting the environment. In general, a puritan conscience was troubled by the prospect of so much bounty unassociated with hard work.

The minimalists would still, ideally, favour restraining output to 50m tonnes of oil equivalent, compared with the ectual achievement of 54m t.o.e. last year, made up of about 614,000 b/d and 243bn cubic metres. They include the Christian



Bob Hutchison

People's Party and the Centre Party which joined the Conservative Party led by Mr Kaare Willocb to form the present majority Coalition Covernment. The Conservatives and the Labour Party would be inclined to contemplate as mucb as 90m t.o.e., the maximum ceiling set in 1974. Although be is e member of the CPP, Mr Kristiansen is clearly closer to the current consensus of a target of 70m t.o.e., rising to 80m t.o.e. by the middle of the next decade.

Mr Kristiansen attributes the change in attitude to prevoiling economic circumstances which are very different from those ot the early 1970s. Unemployment at 80,000, is 4 per cent of the labour force — a modest enough rate by most standards and one kept low largely through featber-bedding traditionat manufacturing industry with petroleum revenues.

The hydrocarbons sector now accounts for e third of the country's gross exports, 15 per cent of revenue and 17 per cent of Gross National Product.

The Covernment, meanwbile, is recoocilled to oil and gas contributing 20-25 per ceot to GNP by the end of the century. State revenue from them—NKr 34bn (£3.06bn) in 1983—is projected as rising to NKr 150-200bn (in 1983 prices) by the year 2000, Mr Arild Rodlend, State Secretary at the Ministry of Petroleum and Energy, said in London recently. Reservations about over-dependence linger on. It is also basic policy not to allow the pace of development to strain tha country's economic and social structure. But reliance on petroleum revenue can only increase.

Contiouity of receipts from the sector is also a preoccupation. Last year the rommittee chaired by Mr Hermod Skanland, which was appointed by the Government to look into the scele of the petroleum industry, proposed setting up a buffer fund to tide state finances nver fluctuations ond thin years. There bas been no official response yet. The general reaction of the press and public was one of scepticism over whether any Covernment would be able to withhold revenue.

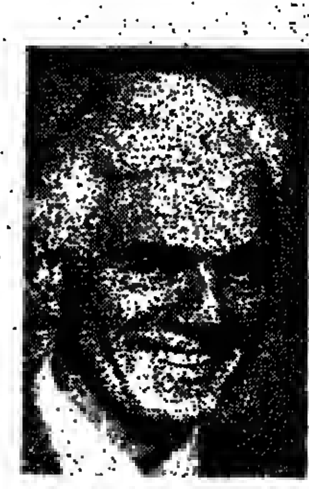
Time is running short as far as Norway's parliamentary processes and financial needs after 1990 are conceroed. If the Sleipner deal is vetoed hy the UK Government and the NKr 30-NKr 40bn project is shelved, Oslo will instead submit to the Storting plans for the second pbase of the Cullfaks oil and gas field, a smaller project which would not generate revenue on the same scale. In practice, both Sleipner and Cullfaks II will be required to achieve 60m t.o.e. in the second half of the 1990s in addition to six projects under development (Cullfsks I, Statfjord C, North-East Frigg, Odin, Helmdal, Ule and the Ekofisk weter-flood scheme) and the Oseberg field wbich is expected to be approved this spring.

Other offshore reserves will beve to be exploited if the goal of 80m t.o.e. annually is to be ettained by the end of the century. In assessing the chances of sucb an expansion, there are two critical factors. One is the Norwegian tax system and the other the prospects for Troll.

Foreign oil companies are unanimous in their contention that Norway's tax regime is too onerous and rould seriously retard the development of its bydrocarbon resources, especielly because of the higher cost ot deep water projects. Their complaint was most forcefully articulated last year by Exxon. Its evalnetion was thet even the most prolific discoveries would give a return of 8-14 per cent which tha industry generally regards as only marginally profitable.

Independent support for the foreign companies' view was given by the comparative tax study carried out by Drs Alexander Kemp and David Rose of Aberdeen University. Following the relief provided by last year's budget the UK emerged from their analysis as a far more attractive proposition than Norway. They concluded, for instance, that a 500m-barrel field on the Norwegian Continentel Shelf could be tess profitable then a 150m-barrel field in the UK sector.

Two aspects of the system are regarded as particularly irksome. The first is tha special tax imposed five years ago at e time of rising prices. It is cbarged on profits after royalty and costs, in eddition to the basic 50.8 per cent corporetion tax. The second is the so-called "sliding scale" whereby the 50 per cent share of an exploration play granted to Statoil since 1973 can under various agreements be escalated up to 80 per cent.



KAARE KRISTIANSEN
Norway's Energy Minister

However, some unexpected flexibility was shown by the Government last year in the concession to Phillips for the $2bn waterflood project which will prolong the life of the Ekofisk field and make possible the recovery of another 200m barrels. It allows the group to depreciate investment from the start of expenditure rather than, as is the norm, from the commencement of output over a six-year period. Thereby, the companies' tax burden will be eased in the early years but the total tax burden will not be reduced.

Mr Kristiansen does not rule nut the possibility of nther adjustments in speciel cases, but tha Government will not contemplate any change in the basic fiscal structure. "As we see it, the taxation system is adequate for the situation existing now on the Continental Shelf and for the future."

Blocks on which drilling has taken place are the equivalent of only 5 per cent of the shelf, be points out — insisting that there are other prolific fields still to be found in Norwegian weters. He cites the response to the ninth round, from which only Amoco and Phillips opted out, as evidence that the tax system is reasonable.

However, the companies argue that the major shallow-water discoveries have already been made and that they will need greater incentives for deep-water exploration. They say that they cannot ignore the resources on Norway's Continental Shelf and can only assume that eventually, and out of necessity, the Government will liberalise the regime.

Essentially, Norway's hydrocarbon plans for the latter half of the decade and the early part of the next century hinge on the Troll structure. Shell, at least, was able to declare as commercial the western part of Troll, where it is the operator, towards the end of last year.

In its totality Troll covers four blocks, reckoned to contain 1.6bn cubic metres of gas —probably rather more than the Netherland's Croningen field and eight times as much as Frigg. Troll could supply as much as Soviets distribute to West Europe and meet all the needs of the UK for 30 years. The western sector, with about one-third of the gas reserves, is also estimated to contain about 300m barrels of recoverable oil lying over the gas strata. Shell is planning an output of 1.5m cu ft of gas from it and 70,000 b/d of oil.

In determining that the project is technically feasible Shell has set a target date of 1995 for production after the long lead-time involved in overcoming the formidable challenge of extraction from a water depth of about 350 metres — slightly more than Shell's record installation in the more benign Gulf of Mexico and more than two-thirds as much as the present North Sea record set by British Petroleum's Magnus field. Tha soft sea-bed and the shallow reservoir, which limits the scope for deviated drilling, further complicate the problem of Troll's development.

Shell has already started talking to potential customers. Mr Kristiansen said that e decision will have to be taken in the next two years if gas from Troll is to come on stream in the mid-1990s, helping to meet growing West European demand and lessening dependence on the Soviet Union. "If we are not sure of a price making it possible to exploit Troll, then we will have to postpone it for a very, very long time," he warned.

The question is whether buyers will be prepared to cover the high cost of the investment and also give Norway the return it expects. Sleipner could be seen as a trial run for the very much bigger Troll stakes.

TECHNOLOGY

EDITED BY ALAN CANE

OPTICAL FIBRES ARE AT THE HEART OF JAPANESE TELECOMMUNICATIONS

Light links for Japan's future

BY ROY GARNER IN TOKYO

OPTICAL fibre technologies are becoming important in Japan as the indispensible core of the data communication systems of the future.

Fibre-optic trunk lines for communications are to play an essential part in the nation's plan to develop an Information Network System (INS), capable of providing advanced information services at ultra high speeds across the entire archipelago.

Optical fibre is olsn paving the way for advances in entirely new fields, such as in the direct transmission of images from within the human body, for medical purposes, and the accurate monitoring of information in extreme environments; necessary, for example in the nuclear industries.

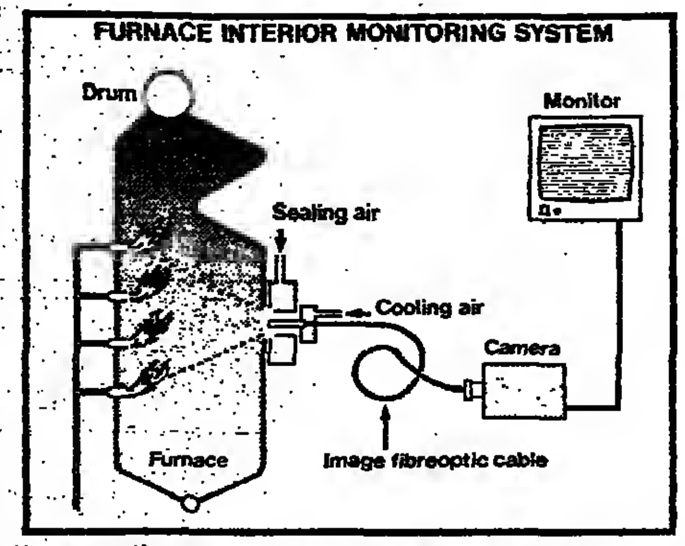
The Japanese have reason to be satisfied that fibre optics is one of the fields in which they have a clear international lead. Although U.S. companies, notably Corning Glass Works, were the pioneers in the field, Japanese research programmes, which began in the mid-1970's, have resulted in lower production cost and better quality which is unlikely to be challenged in the forseeable future.

As international demand for optical fibre equipment grows, however, (and Japan's Communications Industry Association predicts the domestic market alone will be worth Y250bn by 1990), this lead is likely to be as much a source of conflict as of congratulation.

Fibre optics technology is of such great strategic importance that the U.S. views the prospect of superiority resting in foreign hands with concern at least equal to that now expressed over semiconductors.

Evidence of this concern came as early as 1981, when national security factors were cited in a U.S. decision to award a contract for the construction of a Washington D.C. to Boston, Massachusetts optical data link to Western Electric, although Fujitsu submitted the lowest bid.

This has resulted in a quiet approach in the international fibre optics market, but this should not conceal the progress that has been continuing within the domestic scene. A key factor in Japan's efforts was the development by NTT's Ibaraki laboratory in 1977, of a new process for the manufacture of the "preform," the crystalline mass from which the ultra-fine fibres are drawn.



Communications comes in many forms. Sumitomo Electric Industries has demonstrated applications in monitoring processes in hazardous areas such as the furnace above. In this system optic fibres monitor conditions inside the furnace and carry light signals to the camera and monitor. It is smaller, needs less power and is easier to maintain.

This process, called "vapor phase axial deposition" (VAD), offers a considerable improvement in production speeds and costs over the MCVD (modified chemical vapor deposition) process developed by Bell Labs of the U.S.

In the latest version of the VAD process, known as all-synthesised VAD, a high purity porous transparent preform is deposited onto a cylindrical preform compound of germanium and silicon tetrachloride. Alternate heating and dehydration of this outer layer produces a final preform ready to be heated and drawn into optical fibre.

Over 20 kms of fibre can be drawn from a single preform mass in the VAD process, in comparison to approximately 5 km using the MCVD method, and manufacturers are confident that mass production of over 100 km of fibre from a single preform will soon be possible.

Among the many side benefits of the VAD process is that it does away with the need for the high quality quartz glass tubes, principally made in West Germany, which are central to the MCVD process.

Japanese research is now centred on high speed fibre drawing and coating technology, the strengthening of the fibres, the synthesis of larger preforms and the application of aluminium as a substitute for germanium (which is scarce and very expensive).

Competition among Japanese makers is especially strong regarding the light-loss value of fibre and, by the use of fluoride glass, a product with a transmission-loss value of below 12 dB/km is now possible. The eventual target is 0.001 dB/km.

Production costs have seen a more than tenfold drop in recent years, to a current level of below Y100 per metre, and a price of below Y10 per metre is planned, a level comparable to conventional cables.

The VAD process was developed in a joint project by the telecommunications monopoly NTT and three companies; Sumitomo Electric Industries Ltd, Furukawa Electric Co and Fujikura Cable Works, and substantial Government backing of Japan's fibre optic research continues, with the Ministry of International Trade and Industry (MITI), currently providing approximately Y46bn in three major projects.

The start of supply of fibre optic goods to NTT for the construction of the INS system has been largely instrumental in giving these three companies a major lead in the industry.

Sumitomo Electric's sales of optical fibre stood at approximately Y15bn in 1983; the other two company's sales totalled Y10-11bn apiece. In comparison, the next runner in the race, Hitachi Cables, achieved fibre sales of approximately Y0.7bn.

The overall market for optical fibres, peripheral equipment and software was expected to reach Y52bn in fiscal 1983, growing to Y60bn during 1984, according to Nomura Research Institute estimates, and a total market value of Y700-800bn is foreseen by the year 2000.

Towards the end of the 1980s the widespread introduction of CATV and Local Area Network (LAN) systems is expected to bring a sharp market expansion, but currently the focus of interest is on the 2,800 km optical trunk line being constructed between Fukuoka and Sapporo.

The system will employ NTT's F400M large haul transmission technology with SM fibres each capable of handling 5,760 telephone channels, and this will form the backbone of the INS network. The link is due for completion in spring 1985, and the subsequent development of branch lines is expected to stimulate a low-end market within much smaller companies such as Dainichi-Nippon Cables and Showa Electric Wire and Cable will flourish.

The complete INS network is due for completion in the mid-1990s and will cost between Y20-30 trillion (million million). As early as 1987, non-telephone networks, such as those for facsimile communication and videotex, will be connected to a nationwide digital telephone network.

One of MITI's main projects is its experimental "Hi-OVIS" (Highly Interactive Optical Visual Information System) which uses a Sumitomo fibre optic network to connect eight broadcasting facilities and 156 home terminals in Nara city. The 2-way TV, it is claimed, gives access to 100 news sources and allows the families participating to take part in programming.

Kokusai Denshin Denwa (KDD) which handles Japan's international telephone network, is another key optic equipment customer, and is planning to lay a Y40bn, 6,700 km submarine fibre-optic cable between Japan and Hawaii by 1988.

Experiments by the major companies are now advanced in the use of high-flexibility plastic fibres, which offer low-loss optical qualities over short transmission distances, and in the use of semiconductor devices for the direct amplification of optical signals.

Sumitomo's recent developments include an image fibre optic system for monitoring furnaces, which enables the camera itself to be stationed away from the heat, receiving data via an image fibre optic cable attached to an air-cooled peephole in the furnace wall. The company has also started marketing a radiation resistant image-optic system for use in nuclear power stations, able to function within a cumulative radiation factor environment much higher than conventional systems.

In co-operation with Osaka Gas, Sumitomo recently developed a cryogenic fibre optic cable in which the conventional silicon primary coating has been replaced by an acrylic resin, to allow effective transmission characteristics in temperatures as low as minus 196 centigrade.

Other important new markets include the supply of automobile optical-wiring harnesses and optical character recogniton devices.

For Japan, a geographically small nation, ground-based communications systems are likely to play a greater role domestically than the expensive satellite links which are so necessary to the U.S.

Japan's intense and long-term fibre optic research activity reflects an awareness that optical fibre is the essential medium of data communications for the future, a situation reinforced by the country's comparative lack of expertise in satellite communications.

The biggest remaining question is how Japan will handle the unavoidable issue of international fibre optic technology exchange and marketing; a debate which will inevitably soon include the politicaly sensitive question of military applications.

AUTOMATIC TELLERS

New battle fronts in banking machines

A NEW battlefront for banking technology orders has opened up in the lobbies of banks and businesses.

First, automatic teller machines (ATMS) went literally "through-the-wall" of banks and building societies to provide cash and a limited range of services to customers round the clock.

Now the trend—especially in the U.S., but increasingly in the UK—is to move ATMS off bank premises; into big department stores, for example or offices.

Through-the-wall machines can be installed in these novel sites but they are expensive and need significant amounts of space to accommodate the massive security safe and to make it possible for the money chamber to be recharged from the back—behind the wall.

So there is a new market for lobby ATMS, free-standing and serviced from the front.

NCR last week produced its new contender for this market. Claimed to be the cheapest available at a list price of £9,300 for the basic model—which only dispenses cash, it also claims increased reliability, important in machines which have longer than usual intervals between service.

In the UK, the machine is a direct response to National Westminster Bank's "Fast Cash" strategy. NatWest has bought 400 cash dispensers from Interinnovation, a small Swedish company specialising in cash dispensing. The Inter-Innovation machine is said to produce cash within 15 seconds.

Barclays Bank has ordered 500 of the new NCR 5070 machines which are claimed to give cash in about 7 seconds, operating off-line (that is, without consulting the Bank's central computers).

Designed and developed by NCR in Dundee, Scotland, the 5070 has been designed to undercut all other lobby machines on the market.

With all functions included—deposit taking, funds transfer and so on, the machine would cost £21,000. Average price in the UK is expected to be £12,000.

The 5070 has four canisters for currency with a capacity of 3,000 new or 2,500 old notes. Up to 5,000 transactions can be performed before the machine needs replenishment. Whole sections of the machine can be removed by a engineer without tools, so offering savings of up to 50 per cent in maintenance.

MARK MERIDITH

COMPUTER NETWORKS

Enter Northern Telecom

NORTHERN Telecom Data Systems, formerly Data 100, has launched a range of networked microcomputer systems called Vienna.

The company expects the new family to re-establish its fortunes in the information systems market. Mr Barry Eames, European vice-president, forecasts the capture of 10 to 12 per cent of the European market over the next four years. This, he says, will treble turnover to U.S.$200m and double the present workforce of 750.

The Vienna range starts with a personal computer workstation priced at $4,500. Networks can be constructed by connecting up to 32 workstations to a network controller, with a typical 22-station net costing $120,000.

The major innovation in the controller is that many features usually implemented in hardware are instead provided by software. For example, a set of "soft keys" is provided on the keyboard, allowing keyboard functions to be different for each application.

Mr Eames says: "This allows us to provide one keyboard which can be used for every European language. In addition, it can cater for different application environments such as word processing and communications with IBM SNA systems."

The provision of character sets in software normally degrades performance to an unacceptable level. Northern Telecom has surmounted this problem by using a multiprocessor design in the network controller, with separate processors for communications and peripherals as well as for mainstream processing. Other features such as memory management and a separate memory-processor bus are included to boost performance.

Other features of the controller include use of Microsoft's Fenix operating system and a windowing facility for integrating applications. The workstation runs under Microsoft's other operating system, MS-DOS, and is equipped with a high resolution colour graphics screen and mouse cursor.

The Vienna range is the result of a $50m investment spread over three years. All the cash has been put up by the Canadian parent company, which is number two in the North American communications equipment market.

Vienna is the first product to emerge from Northern Telecom's new Hemel Hempstead factory, and has been announced in Europe first. North American customers will have to wait for at least another six months.

Materials

Electrostatic paint

A NEW motorbike factory in India starts up this month with the help of electrostatic paint-spray hardware from a British company, Ransburg UK of Weybridge.

The paint-spray facility at Enfield India of Madras comprises two units that distribute paint under electronic control. Ransburg says the hardware improves the quality and consistency of finish and cuts labour costs.

Services

Software information

PEOPLE WHO need software with which to run businesses may be interested n a new service offered by East Midland and Allied Press.

The company has set np in London a software information centre that stores on a computer 3,000 business software packages. The service is part of an expansion by the publishing company into computer products. More information on 01-278 7538.

UK NEWS

Scott Lithgow bidders demand rapid rig deal

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

TRAFALGAR HOUSE and Howard Doris, the two companies which have agreed to take over the Scott Lithgow shipyard on the Lower Clyde in Scotland, yesterday warned that there must be a rapid resolution of negotiations to allow them to complete an £88m drilling rig at the yard for Britoil.

Mr Albert Granville, chairman of Howard Doris, the Anglo-French construction company, said that if no agreement was signed by the end of nert week, he doubted whether it would ever be done.

"It would be a tragedy if private industry bad sbown what could be done, as we have shown, if others did not sbow the same sense of urgency," he said.

Mr Granville said both companies had made sacrifices in the interests of speed. "I do urge the Government, British Shipbuilders, Britoil and the uninns to make the same sort of arrangements and, if neressary, the same sort of sacrifires, so that between us we bave a viable Scott Lithgow for many years to come."

It was Britoil's cancellation of the rig, which was two years behind schedule, which led to the threatened closure of the yard, part of state-owned British Shipbuilders. Three companies then bid to take it over: Bechtel of the U.S., Howard Doris and Trafalgar House, the UK property and shipping group. Bechtel dropped out and the two other companies then agreed on a joint bid.

A new private Scott Lithgow company, 75 per cent owned by Trafalgar House and 25 per cent by Howard Doris, would seek to bring in the Swedish company Gotaverken Arendal, which builds semi-submersibles, to provide under contract technical assistance and management training.

Gotaverken said yesterday it bad no agreement yet with the yard but would look positively at any offer.

For the takeover to proceed, Trafalgar House and Howard Doris must convince Britoil that they can complete the rig, to win the support of the trade unions and complete formalities with Britisb Shipbuilders and the Government.

Mr Granville said, at a press conference beld by the two companies yesterday, that the talks with Britoil were progressing satisfactorily. "We are talking and finding sympathy. Britoil is anxious that Scott Lithgow sbould proceed with that rig if it is possible."

Trafalgar House and Howard Doris will meet the trade unions on Wednesday. Senior executives yesterday refused to say how many of the 3,000 workers at the yard would keep their jobs, but promised that it would be the maximum possible.

Mr Granville said be envisaged an offshore agreement with the Scott Lithgow workforce involving fewer unions than the type of agreements held at shipyards.

Mr Duncan McNeil, secretary of the local union officials, said he was optimistic about the outcome of the talks but wanted to ensure that there would be no compulsory redundancies.

Mr Jobn Fletcher, bead of Trafalgar House's offshore division, said the size of the workforce would depend on a whole spectrum of new business, including pipework for Trafalgar House's nuclear processing plant contracts and submarine refurbishments.

Trafalgar House had held talks with the Ministry of Defence about submarine refurbishments, he added.

Scott Lithgow bas included submarine work as one nf its past specialities. The Government announced in January that it would be sending a conventional submarine, together with a frigate, for refurbishment at a commercial yard in the latter half of the year.

Minister attempts to keep North Sea order in Britain

BY DOMINIC LAWSON AND IAN HARGREAVES

A FINAL ATTEMPT will be made today by Mr Alick Bucbanan-Smith, the Energy Minister, to dissuade Sun Oil, the U.S. company, from placing a £125m North Sea platform order with the Swedish shipyard Gotsverken Arendal.

The UK Government has consistently followed a policy which requires North Sea operators to place at least 70 per cent of development contracts in the UK. The government's fear is that if Sun Oil cannot honour that commitment, which is not legally enforceable, then other foreign companies will follow suit.

Cammell Laird on Merseyside bad tendered for the order, which its management had said was critical for the future of the yard and its 3,600 employees. The yard's failure to deliver a Britisb Gas rig on schedule, and its workforce's opposition to the British Shipbuilders productivity deal, appear to bave lost the order.

An opening offer at about £180m from Howard Doris, the Anglo-French construction company, to huild the floating production platform – which is intended for the Balmoral Field – was rejected as too costly.

Mr Buchanan-Smith said he was concerned about whether adequate opportunities had been given to British yards. He added: "I am extremely unhappy about what is happening at Sun Oil, and the way that the whole development is being handled."

Sun Oil insists that it bas given British yards every npportunity to compete for the order. Mr Buchanan-Smith will hold a meeting with the company this morning.

The Balmoral field, with reserves of about 60m barrels, is expected to involve total capital costs of about $630m. That ratio makes it a marginal field, giving the operator, Sun Oil, very little room for manouevre in either timing or cost.

Sun Oil gave assurances, when it won development approval from the government, that at least 70 per cent of the value of the developmeot would be placed in Britain. If the platform order, as seems likely, goes overseas, it will be difficult for Sun Oil to honour that commitment. It appears that only about 30-40 per cent of the platform order could be laid off in the UK in the form of subcontracting work.

The Balmoral consortium will meet tomorrow to vote on whether to give the go-ahead for the platform to be constructed by the Swedish company.

Thatcher restates Cabinet's objectives

By Margaret Van Hattem, Political Correspondent

MRS MARGARET THATCHER, the Prime Minister, last night responded to criticisms that she bas been failing to make a clear statement of the Government's objectives in its second term of office.

In two separate statements, she made a formal declaration of ber administration's general aims and of its objectives within the European Community.

Last night, the significance was felt at Westminster not to lie in the content of her statements, which contained no surprises, but that they sbould bave been considered necessary.

Speaking to Tory Members of the European Parliament, Mrs Thatcher emphasised the Government's tough approach to this month's EEC summit. "I want an agreement on March 19 and I am working hard for it," she said. "But I don't want to paper over the cracks, I want to get rid of the cracks. I want to rebuild the foundations."

There would be no fudges and no compromises, she said. This time, Britain would insist on realistic and lasting solutions.

Overseas earnings by City show better year for insurance

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

OVERSEAS earnings by the City of London rose sharply last year with the contribution from financial services at £2.6bn up by 23 per cent compared with the figure for 1982.

The improvement, shown in the official balance of payments figures for 1983, out yesterday, reflected a better year for the insurance industry, particularly Lloyds.

The surplus earned by private sector services as a whole, including tourism and consultancy, rose by 12 per cent to £5.2bn in 1983 compared with £4.7bn in 1982. However, after allowing for a deficit on services in the government sector, the overall surplus was cut to £4.4bn.

The overall deficit on shipping rose from £340m in 1982 to £800m last year, but the surplus on civil aviation rose by 9 per cent to £430m.

The figures sbow the current account surplus on the balance of payments for 1983 to be £2bn, substantially more than was generally expected last autumn.

This was matched by a net outflow of capital of £2bn, although after allowing for changes to the official reserves there was an unexplained "error" of £800m. This was, however, much less than the £3.6bn unexplained item in the accounts for 1982.

British institutions' portfolio investment overseas appears to have levelled off with the total for last year at £6.3bn, little changed from the level in 1982, but still well above the £4bn in 1981.

However total overseas investment into the UK almost doubled from £3.6bn in 1982 to £6.4bn last year. The largest increase was in direct inward investment which rose by £1.2bn to £1.6bn last year. However, there was also a very large rise in inward portfolio investment from £130m in 1982 to £930m last year.

The steady build-up of the UK institutions portfolios of overseas investments since North Sea oil came on stream is reflected in a steady rise in dividends and interest payments.

Last year's earnings on overseas portfolio investment was £2.4bn, compared with £1.6bn in 1982 and £940m in 1981.

The total of interest profit and dividends from abroad rose by 3.3 per cent compared with the figure for 1982 to £11.4bn.

Balance of trade in services (£m)

	1982	1983
Sea transport (dry cargo)	− 616	− 1074
Sea transport (tankers)	+ 274	+ 274
Civil aviation	+ 391	+ 428
Travel	− 427	− 365
Financial Services	+2145	+2637
Other services	+2953	+3325
Government	− 807	− 834
Total	+3874	+4389

Miners' leaders give go-ahead for strikes

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS OF the National Union of Mineworkers (NUM) yesterday gave official sanction to strikes over pit closures due to begin tonight in Scotland and Yorkshire, and extended the approval in advance to any other area of the union which takes similar action, in protest against pit closures and job losses.

The decision may prompt other militant areas to follow suit and move towards a larger-scale strike without the need for a ballot on the issue as required under the NUM's rules. South Wales pit delegates meet today to consider what action to take. Kent leaders are also meeting today, and their delegates tomorrow.

There are some signs in the coalfields, however, that support for strikes is far from complete.

In particular, the Government yesterday made a shrewdly-timed move to increase sharply the size of redundancy payments available to mineworkers. The size of the payments has been raised and the qualifying age limit lowered so that miners taking voluntary redundancy will be able to claim £1,000 for every year's service.

Even miners lobbying the NUM meeting in Sheffield yesterday to press for strike action acknowledged that the increased offer could be attractive to many.

Mr Arthur Scargill, president of the NUM, opposed the reduodancy terms. He said the Government was attempting to buy out jobs in the industry.

The National Coal Board told the union earlier this week that the industry would lose at least 21,000 jobs this year. Compulsory redundancies were not ruled out.

Mr Scargill warned Mr Ian MacGregor, coal board chairman, that the industry would do all it could to stop the cuts and job losses.

A NUM resolution approved yesterday after a record six-hour meeting stated: "The National Executive Committee declare the proposed strike action in Yorkshire and Scotland and in any other area which takes similar action as official.

"The union will carefully monitor the situatioo and take any action it feels appropriate or necessary in the light of changing circumstances."

Mrs Margaret Thatcher, Prime Minister, said in the House of Commons yesterday that the coal industry had a hig future, but only if productivity was increased and the closure programme of old collieries speeded up.

She said productivity had gone up by only 4.7 per cent over 10 years (against a planned 4 per cent n year) and the closure programme was "well behind" schedule.

Record coal stocks

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR ARTHUR Scargill's brave announcement yesterday that the mineworkers would spread industrial disruption across the country area by area hides the problems he will have in achieving that aim.

● Winter is coming to an end, and the coal burn in the power stations will start to fall sbarply from now on. The Central Electricity Generating Board has stock levels standing at 24.3m tonnes – a record for this time of the year, almost double the levels of 1980 and 1982.

Government officials reckon that these stocks might last – with careful planning as long as six months before exhaustion:

● The union will have to convince other workers to take industrial action. Mr Scargill can perhaps persuade rail unions to stop the coal trains but since 24.3m tonnes of coal are already at power stations, that will have no more than a marginal effect.

He will, therefore, have to appeal to the workers in the power stations, largely members of the General Municipal and Boilermakers' Union and the Electrical and Plumbing Trades Union. Neither is ever enthusiastic about such action and is unlikely to be now.

● The NUM is clearly split on the issue of area-by-area strikes without a ballot. The right wing of the union proposed such a ballot and will not be solidly behind the left's strategy.

J. Lewis staff share £25m

By Lisa Wood

STAFF of the John Lewis Partnership, the department stores group which includes Waitrose supermarkets, will share a record £25m bonus this year, nearly 50 per cent more than last year. They will average about £1,000 each.

The group yesterday announced a record trading profit of £70.8m for the year ending January 1984, a rise of 40 per cent oo the previous year. Sales were £1bn, compared with £922m.

As a result, the 26,000 worker-partners will share £25m, nearly 50 per cent more than last year's £17m. The store group said the average pre-tax bonus would be 21 per cent of pay.

Employees become partners in the group as soon as they take up full-time work with it.

Unions win right to test ban at GCHQ

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

CIVIL SERVICE unions have won the right to challenge in court the decision to ban employees of the Government Communications Headquarters (GCHQ) at Cheltenham, from union membership.

In the High Court in London yesterday the Council of Civil Service Unions were given leave to seek a judicial review of the mechanics of the ban with a view to having it quashed.

The case, described by Mr Louis Blom-Cooper, QC, for the unions, as one of public and constitutional importance, is likely to be heard early in May. It is being brought against Sir Geoffrey Howe, Foreign Secretary, and Mrs Margaret Thatcher, Prime Minister, in her role of Civil Service Minister.

The Government has banned union membership ot GCHQ, a listening station for foreign radio broadcasts, in the interests of national security. It claims that past industrial action by the centre's 7,000 civil servants has disrupted the flow of sensitive information.

The unions' case questions the issue by the Foreign Secretary of certificates removing from GCHQ staff rights under the Employment Protection Acts 1975 and 1978. It also questions the use by the Civil Service Minister of the 1982 Civil Service Order in Council to alter the staff's conditions of employment by banning them from union membership.

Mr Blom-Cooper told Mr Justice Glidewell that, under English common law, civil servants had the same legal right as all other employees to join trade unions.

The Government might have power over their activities as trade unionists, but oot over their right to membership, he said.

Also the Foreign Secretary had failed to fulfil his legal obligation to consult those affected before reaching his decision, Mr Blom-Cooper said.

He quoted from evidence sworn on behalf of the unions by Dr David Owen, a former Foreign Secretary. Dr Owen stated that in such a situation he would have felt bound to consult the trade unions before making a decision affecting the terms and conditions of employment of their members. That, Mr Blom-Cooper suggested, was powerful evidence. The judge said the unions had made out an arguable case meriting judicial review.

Judge alters SEC case comment

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A BRITISH High Court judge has amended comments he made when be gave the U.S. Securities and Exchange Commission (SEC) permission to examine two former bank employees in London.

The SEC wants to take their testimony as part of its investigation of alleged violations of the U.S. insider trading laws in the $2.5bn takeover of Sante Fe International Corporation by Kuwait Petroleum Company in October, 1982.

Mr Justice Drake decided that the SEC genuinely wanted the testimony of Mr John Smit and Mr Richard Harrison, formerly of the defunct International Resources and Finance Bank, for civil proceedings it has started in New York.

The SEC was not engaged in a "fishing expedition," he said.

After acknowledging that there was a public interest in maintaining the confidential relationship between banker and client, Mr Justice Drake said there was a "public interest and a very strong one, in not permitting the confidential relationship between banker and client to be used as a cloak to cooceal improper or fraudulent evidence which would otherwise be available to be used in legal proceedings, whether here or abroad."

Following representations from lawyers for Mr Smit and Mr Harrisoo, he has amended that to: "There is ... also a public interest ... in not permitting the confidential relationship ... to be used as a cloak to conceal improper or fraudulent activities; evidence of which would otherwise be available to be used in legal proceedings, whether here or abroad."

Car production drops to meet fall in demand

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PRODUCTION in February was down on the level of recent months, partly because of industrial disputes but also because the UK producers eased back in the expectation that demand will fall this year.

According to provisional Department of Trade and Industry figures, output of cars in February on a seasonally-adjusted basis was 77,000, compared with 91,000 in January and 79,000 in February 1983.

The major disturbance in February was a 2½-week strike by trim workers at Austin Rover's Cowley plant in Oxford, over job transfers caused by the impending move of Triumph Acclaim car production to Longbridge, Birmingham.

However, the manufacturers also expect car sales in Britain to fall from last year's record 1.79m to around 1.75m in 1983. This could account for some of the shortfall in output last month.

The Department commented yesterday: "The underlying level of (car) output may have turned down a little of late."

Commercial vehicle production (seasonally adjusted) also fell a little in February from the levels of recent months, although it remained well above the depressed 1983 output.

Production of commercials was 21,800 against 22,600 in January and 20,800 in February 1983.

● General Motors' use of dealer incentive schemes in Britain is boosting its commercial vehicle sales as well as taking its car registrations to record levels.

GM's Bedford subsidiary registered 3,625 commercial vehicles in February – 25.8 per cent more than in the same month last year, compared with an increase of 10.2 per cent in the total market.

Bedford's advance in January and February was 31 per cent (7,139 vehicles) against the market's rise of 7.1 per cent.

Bedford's incentive scheme offers dealers extra bonuses of up to £500 when a vehicle is registered. It started last December and operates until March 31 for heavier vehicles and to the end of April for the CF vans.

The GM scheme seems to have added to the market's natural buoyancy. Commercial vehicle sales in February, were the second-highest for the month since 1973, according to the Society of Motor Manufacturers and Traders' statistics.

Sales reached 23,627 in February, taking the two-month total up to 46,943 units. The importers' market share was slightly lower in February, from 32.4 to 32.1 per cent, but for the two months it was up from 33.2 to 34.7 per cent.

Last month, registrations rose in all categories except light four-wheel-drive vehicles, which were down from 1,099 to 985 units, leaving the two-month total down from 2,100 to 2,065.

Sales of trucks over 3.5 tonnes gross weight rose by 15 per cent in February to 4,274 and were 12.6 per cent ahead at 8,353.

Ford regained segment leadership with 725 registrations in February (down from 802 in February 1983) from Leyland (682, up from 487). Leyland held segment leadership for the previous three months and has achieved an 18.7 per cent rise in sales in the first two months of 1984.

Nuclear power 'will be cheaper than coal'

BY DAVID FISHLOCK, SCIENCE EDITOR

NUCLEAR power is competitive with coal for electricity generation in Britain, according to an independent assessment by engineers and scientists. They conclude thot it will be at an advantage as fossil fuel prices rise.

The Watt Committee on Energy, in its latest report which is an assessment of nuclear energy, finds the margins in the economic case for the proposed Sizewell B pressurised water reactor "sufficiently large to withstand large variations in the input assumptions." Sizewell B, which would be in Suffolk on the east coast of England, is at present the subject of a public inquiry.

The Watt Committee on Energy has representatives from 64 professional bodies and learned societies in Britain. It was formed in 1976 to provide an independent source of expertise on controversial energy questions.

Its latest report finds that the main difference of economic view between critics of nuclear power and the ouclear industry is that critics claim "nuclear costs will increase significantly in real terms, chiefly because of ever more stringeot safety regulations and their effect on construction costs."

In contrast, the industry claims that the "reasons for past cost escalation are well understood and that the industry's safety standards are already much higber than those of others. So further increases would not be justified and future real cost rises due to this cause, in absolute or relative terms, cannot be justified."

The report says that Britain's experience with the construction nf its advanced gas-cooled reactors "has not been a happy one." But it finds some confidence that lessons had been learned and would be avoided in future.

It concludes that nuclear power can play a significant role in meeting demand for electricity. The costs of nuclear electricity "can be expected to improve on a relative base to other mainstream forms of electricity generation."

It finds that the learning curve has moved already to the advantage of nuclear power "and is likely to continue to do so for some long time to come."

The committee found that radiation was the cause of much of the controversy surrounding nuclear energy. Its assessment is that the radiation discharged by the nuclear industry is "orders of magnitude below the levels that would be required to produce observable damage."

In Britain, it says, no member of the public has ever been known to have been exposed to more radiation than the internationally prescribed limits as a result of the activities of the nuclear industry.

The main issues it chose were supply, demand and economics; technical means; availability of resources; environment; and balance of risk and advantage.

Dr Jack Chesters, former British Steel research director, who chaired the committee, said the report would be just as useful to Friends of the Earth (the eovironmental group) as to the Central Electricity Generating Board.

Nuclear energy: a professional assessment. Report No. 13, the Watt Committee on Energy, 18 Adam Street, London, WC2N 6AH. £25.

UK NEWS

Joint venture to import Hungarian computers

BY RAYMOND SNODDY

A BRITISH company has set up a joint venture to import Hungarian computers into the UK.

Starved of really powerful Western computers by trade embargoes, the Hungarians have been better known in the West for the skill of their computer programmers rather than the quality of their hardware.

But the first of the Videoton 32-bit super Mini-computers from Szekesfehervar near Budapest is already nt work in the office of Taylor Miller, n British computer components and peripherals group which hopes to have a turnover of more than £6m this year.

Mr Cliff Hardcastle, founder and chairman of Taylor Miller, who put the Anglo-Hungarian joint venture together, says he has the first Hungarian super-mini to come to the West.

Mr Hardcastle will concentrate on trying to get a toehold for the £150,000 machine in the UK market this year.

He plans to take on the ultimate marketing task and try to sell the Comecon mini to the land of minis – the U.S. – next year. This, he concedes, will bave to involve a U.S. joint venture to stand any chance of success.

Videoton is one of the largest electronics companies in central Europe and employs more than 18,000 people, making a range of products from radios to micro and mini-computers.

The machine that has come to the West is Videoton's most powerful and has a 1 megabyte processor and 600 megabyte hard disc memory.

Taylor Miller, through the new joint venture company VT Computers, will use the machine – the VT 6000 – on a bureau basis, hiring out computer time for computer-aided design work and as a scieetific data base.

Taylor Miller claims the Hungarian machine's performance places it in the marketplace for medium sized processors and that "competitive pricing" could make it an alternative to VAX, IBM, ICL and Prime machines.

Mr Hardcastle's relationship with Videoton began 10 years ago when he started importing their hi-fi speakers. "People said then, 'who is going to buy Hungarian hi-fi?'" Mr Hardcastle remembers. But for a time the speakers were among the most popular imports.

The same process will happen with computers be believes. VT Computers has already been asked for three quotes and expects to sell its first machine in the UK market later this year.

Mr Hardcastle believes that because of the Hungarian computer's large memory, it is more suitable for data hase work rather than financial computing.

Videoton's printers and display screens are already on sale in the UK.

Five Hungarians, led by Mr Loui Gati, will help to run the joint venture in the UK, based at Westerham in Kent.

● Acorn, the compoter company, is setting up a venture-capital fund to pour cash into fledgling high-technology enterprises.

Dr Hermann Hauser, Acorn's chairman, said they would be enterprises – probably in the Cambridge area, where Acorn is based – in commercial activities such as electronics or biotechnology.

Major BL distributor signs with Nissan

By Kenneth Gooding

HENLYS, ona of Britain's major BL vehicle distributors, has taken on a Nissan car franchise. The decision was heavily influenced by the fact that Nissan is to set up an assembly plant in Britain.

BL, the state-owned group, has a car assembly pact with Honda, another major Japanese producer.

Mr Donald Corps, Henlys' assistant managing director, said: "Wa took on the franchise because we wanted to spread our base and we believed it would be interesting to get involved with Nissan now that it is to become an indigenous producer."

He pointed out that company fleet buyers, who account for more than 60 per cent of eew car sales in Britain and who frequently follow n "buy British" policy, would be more interested in Nissan cars once the company set up its assembly plant.

Mr Corps acknowledged that output from Nissan's proposed UK assembly facility was not scheduled to begin until 1986

FT Commercial Law Reports

Jurisdiction not accepted by stay application

WILLIAMS & GLYN'S BANK PLC v ASTRODINAMICO COMPANIA NAVIERA SA AND OTHERS
House of Lords (Lord Fraser of Tullybelton, Lord Edmund-Davies, Lord Bridge of Harwich, Lord Brandon of Oakbrook and Lord Templeman): March 1 1984

AN APPLICATION for stay of proceedings by a foreign defendant is not necessarily a submission to the jurisdiction of the English court; and where the defendant disputes the jurisdiction and simultaneously applies for a stay pending the outcome of foreign proceedings on which the question of jurisdiction may depend, the court should consider the stay application before it considers the objection to jurisdiction.

The House of Lords so held when dismissing an appeal by Williams & Glyn's Bank from the Court of Appeal's decision that an application by Astrodinamico Compania Naviera SA and another Panamanian company for a stay of proceedings should be considered before an objection to jurisdiction made on the same summons.

* * *

LORD FRASER said that in October 1976 the bank lent $10m to a Greek shipping agency.

The loan was secured by guarantees from two Panamanian companies. The guarantees were backed by mortgages of their ships.

The guarantees and mortgages were expressed to be executed on behalf of the companies by a Mr Nicholas Vlassopulos. His authority was purportedly vouched by powers of attorney signed by an officer of each company, and by extracts of minutes of company meetings certified by the same officer.

The loan was not repaid. In March 1982 the bank issued a writ claiming payment from the companies.

The mortgages were expressed to be governed by Greek law, aed the guarantees by English law. Service of the writ was duly effected at an English address specified in the guarantees.

The compaeies contended that the guarantees and mortgagea were invalid on the ground, *inter alia* that the powers of attorney and the minutes of company meetings authorising the powers were fraudulent.

If that ground were well-founded, the guarantees were null and void and the English courts bad eo jurisdiction.

The companies had started proceedings in Greece, raising questions very similar to those in the English action. They sought declarations that the guarantees were void in that they were entered into without authority and for fraudulent reasons.

They acknowledged service of the English writ and then made an application under RSC Order 12 rule 8 disputing the court's jurisdiction. They simultaneously applied for a stay of the action on the ground that the bank had already submitted to the jurisdiction of the Greek court, which was a more appropriate and convenient forum.

The questioe was whether the court should consider the matter of jurisdictioe first, or the application for a stay.

Mr Justice Bingham decided that the first question to be considered was whether the English court had jurisdiction. The Court of Appeal reversed his decision and ordered that the question whether to grant a stay should be decided first. Tha bank appealed from that decision.

In the ordinary case the question of jurisdiction would be decided first. Logically the court must decide whether it had jurisdiction before it could go on to consider any other question in the action.

But the peculiarity of the present case was that a decision on jurisdiction could only be reached by deciding whether the guarantees were valid, and thus in effect, by deciding the issue which was at the heart of the action.

The bank's primary contention was that the court had no power to hear the stay application before the objection to jurisdiction.

Section 49 (3) of the Supreme Court Act 1981 provided that "nothing in this Act shall affect the power of the Court of Appeal or the High Court to stay any proceedings before it, where it thinks fit to do so . . ." That subsection recognised the wide powers of the court.

The bank's argument involved saying that the court had no power to stay an action in which its jurisdiction was disputed. That seemed ae extravagant propositioe which could oely be made to appear plausible by drawing a technical distinction between staying an action and adjourning it.

It could hardly be doubted that the court had power to adjourn a hearing on a question of disputed jurisdictioe until, for example, a vital witness could be available. If so, there was no reason in principle why it could not stay the action to await the outcome of proceedings ie Greece.

A technical distinction could not seesibly be drawn between adjourning for the former purpose and staying for the latter purpose. Accordingly, the coetention was rejected.

The bank further contended that the companies had waived any objection to the jurisdiction because they had taken a step in the actioe by applying for a stay.

It would be quite nnrealistic to say that they had waived their objection by applying for a stay as an alternative in the very summons in which they applied for an order giving effect to their objection.

The summons made it abundantly clear that the companies were objecting to the jurisdiction. The fact that they asked for a decision on their objection to be postpooed until the outcome of the Greek proceedings was known was in no way inconsistent with maintaioing their objections.

There was eo reason in principle or common sense why they should not be eetitled to say they objected to the jurisdictioe but to ask for a stay of the proceedings necessary to decide that question, pending the decision of the Greek court.

The contrary argument, which was accepted by Mr Justice Bingham, was that if the court were to entertain the application for a stay, it would be assumieg that it had jurisdiction to eetertain the action.

That view was mistaken. The fallacy was in confusing two differeet kiods of jurisdiction—jurisdiction to decide the action on its merits, and jurisdiction to decide whether the court had such jurisdiction.

By entertaining the stay application, the court would be assuming (rightly) that it bad jurisdiction to decide whether it had jurisdiction to deal with the merits, but would not be essumieg jurisdiction to deal with the merits.

In *Rein v Stein (1892) 66 LT 469,471* Mr Justice Cave said that in order to establish a waiver of the right to object to the jurisdiction it must be shown that some step was taken which "was only necessary or only useful" if the objection had been actually waived, or had eever been eetertained at all.

Applying that to the present case, the stay was not only useful if the objection to jurisdiction had been waived, because one principal purpose of the stay would be to postpone the inquiry inin the questions on which jurisdiction depended until the outcome of tha Greek proceedings.

In re *Dulles' Settlement [1951] 1 Ch 842,850* Lord Justice Denning said: "I cannot see how anyone can fairly say that a man has voluntarily submitted to the jurisdiction of a court whee he bas all the time been vigorously protesting that it has no jurisdiction."

That observation seemed very apposite in the present case. The companies had, from the beginning, been vigorously protesting that the English courts had no jurisdiction.

The fact that they had simultaneously asked for a stay was, in the unusual circumstances of the case, in no way incoesistent with that protest.

The Court of Appeal rightly held that Mr Justice Bingham erred in law when he decided that the application for a stay necessarily implied acceptance of the jurisdiction. Its decision that the stay application be considered first was plainly right. The appeal should be dismissed.

It was emphasised that no indication was given as to whether or not a stay should be granted.

Lord Edmund-Davies, Lord Bridge, Lord Brandon and Lord Templeman agreed.

For the bank: Edward Evans-Lombe QC and John Bertin (Constant and Constant).

For the companies: Michael Tugendhat (Allen and Overy).

By Rachel Davies
Barrister

Appointments

Gallaher Tobacco board changes

GALLAHER TOBACCO has made the following board appointments from May 1: UK division — **Mr N. G. Anderson** and **Mr P. M. Wilson** will become joint managing directors (UK); **Mr J. R. Taylor** will become sales and distribution director; **Mr G. Henderson** will become production and personnel director; and **Mr R. W. Holloway** is appointed to the board as leaf director. Overseas division—**Mr C. W. D. Morgan** will become managing director (overseas).

*

At CHARLES BARKER CROSS COURTENAY, **Mr Jeff Edis**, previously deputy managing director becomes vice-chairman and creative director and **Mr Tony Acton**, managing director, takes on the additional title of chief executive.

*

Mr R. M. Mooney, who joined the company in 1970, is resigning from the board of DRAKE & SCULL ENGINEERING and relinquishing his duties as managing director, northern division, based in Manchester. **Mr G. Britton**, a member of Drake & Scull's northern management team since 1976, has been appointed general manager, northern division, from March 19.

*

Mr Alan Peers has been appointed assistant general manager, domestic banking north, WILLIAMS & GLYN'S BANK. He succeeds Mr John Newton, who has retired because of ill-health. **Mr M. H. (Jim) Vaisey**, senior manager, Holt's Branches and Child & Co, has been appointed assistant general manager in the bank's personnel division, the post previously held by Mr Peers.

*

Mr Claude de Jouvencel, currently managing director of J. R. Parkington & Co and who has been based in tha UK for the past 12 years, is to return to Paris as PERNOD RICARD INTERNATIONAL vice-president for sales and marketing from September 1. **Mr Michel Eberlin** will take over as managing director. He is currently sales manager for Europe and Northern America at Pernod Ricard International and will be spending more time in Britain from the spring. Mr de Jouvencel will continue to serve on the board of J. R. Parkington. To assist Mr Eberlin at Parkington, **Mr Jean-Louis Lepeltier** will expand his current duties as financial director to become deputy managing director and financial director. He has been living in the UK and working past three years.

*

Mr Brian Cannon, **Mr Ian Goodman** and **Mr Michael F. Lordan** have been appointed directors of SOUTHWARK COMPUTER SERVICES. Mr Cannon is head of the software group. Mr Goodmae is responsible for systems analysis and programming and Mr Lordan is responsible for the company's data centre.

*

Mr Alasdair MacLauchlan has been appointed managing director of DOWTY MINING EQUIPMENT. He was managing director and chief executive of Hymac.

*

Mr Tony Addams has joined CHRISTIAN SALVESEN as general manager of its dedicated distribution centre at Rugby. He was executive director-distribution for Schreiber Furniture.

*

TRAVELLERS HILL SAMUEL INTERNATIONAL has appointed **Mr David G. Tilles** to its board. He is director of research and manages the Far East Unit Trust. Jointly owned by the Travellers Corporation and Hill Samuel Investment Management, the company specialises in overseas investments for U.S. pension funds, endowments and foundations. Mr Tilles was senior investment manager in Hill Samuel's international department.

*

Mr Richard Fallowfield has joined GRANDFIELD RORK COLLINS INTERNATIONAL as a director with responsibility for overseas expansion. He was managing director of McCann Erickson in the UK and before that managing director of Young and Rubicam (Hong Kong) and Youeg and Rubicam (Australia).

*

Mr Alan Price has been appointed managing director of the PLESSEY THREE-FIVE GROUP. He was with Texas Instrumeets. The Plessey Three-Five Group, Towcester, has beee formed by Plessey to exploit the emerging III-V materials technologies in world markets. This will use discreet and integrated circuit products, current and planned.

*

Mr Donal B. Moloney, UK/European representative for THE SHIPPING CORPORATION OF NEW ZEALAND, will retire on June 1. Mr Nicholas J. G. Came will succeed him, having been his deputy since 1978. Mr Moloney will remain a director of the corporation.

*

Mr Larry M. Holchkies has become chairman of CROSS COUNTY LEASING, Liverpool, leasing both special containers and standard boxes.

*

Mr R. R. (Ron) Bennie has been elected a director of NATIONAL WESTMINSTER BANK USA. He is general manager of the international division of National Westminster Bank, NatWest USA's parent, a position he has held since 1980.

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
9	10	11	12	13	14	15

Music

LONDON

Royal Choral Society and English Chamber Orchestra, conducted by Meredith Davies, with Eiddwen Harrhy, soprano, Paul Esswood, counter-tenor, Robert Tear and Kenneth Bowen, tenors, Ian Caddy, baritone and Stephen Roberts, bass. Bach, St. John Passion. Royal Festival Hall (Mon). (9283191).

London Philharmonic Orchestra, conducted by Jesus Lopez-Cobos, with Angel Romero, guitar. Ravel, Villa-Lobos, Rodrigo and Ravel. Royal Festival Hall (Tue).

Fou Ts'ong, piano: 50th birthday concert. Handel, Schubert and Chopin. Queen Elizabeth Hall (Tue). (9283191).

London Symphony Orchestra, conducted by Yuri Simonov. Tchaikovsky. Barbican Hall (Tue). (6388891).

Royal Philharmonic Society and Warsaw Philharmonic Orchestra, conducted by Kazimierz Kord and Roman Jablonski. Elgar, Lutoslawski and Rachmaninov. Royal Festival Hall (Wed).

London Symphony Orchestra, conducted by Yuri Simonov, with Shura Cherkassky, piano. Tchaikovsky. (Wed, 1 pm), Barbican Hall).

PARIS

Yvonne Loriod-Messiaen, piano, Roger Muraro, piano: Mozart, Chopin, Liszt, Messiaen. (Mon. 6.30 pm). TMP-Châtelet (2334444).

Orchestre de Paris. Isaac Stern, violin, Andrew Wolf, piano (Mon). Salle Pleyel (5610630). Mozart, Enesco, Franck sonatas.

Mirella Freni, Nicolas Chaurov and orchestra, conducted by Romano Gandolfi: Operatic melodies (Mon). Théâtre des Champs Elysees (7234777).

Chamber Music – Maitrise de Radio France, conducted by Henri Farge: Debussy, Rossini, Schubert, Schumann (Mon). Salle Gaveau (5632030).

Ensemble Orchestral de Paris, conducted by Jean Fournet, Rafael Orozco, piano, Christian Jean, tenor: Faure, Mozart (Tue). Gaveau (5632030).

NEW YORK

New York Philharmonic (Avery Fisher Hall): Rafael Kubelik conducting an All-Smetana programme (Tue, Thur). Lincoln Center (8742424).

Czech Philharmonic (Carnegie Hall): Vaclav Beumann conducting, Nathaniel Rosen, cello. All-Dvorak programme (Mon). All-Smetana programme (Tue). Jiri Belohlavek conducting, Jorge Bolet, piano. Janacek, Schumann, Suk, Dvorak (Wed). (2477450).

Brooklyn Philharmonic (Brooklyn Academy of Music): Lukas Foss conducting. Wuorinen, Ellington, Coleman (Thur). (6364120).

Houston Symphony (Carnegie Hall): Sergiu Comissiona conducting, Andre-Michel Schub, piano. Barber, Beethoven, Brahms (Thur). (2477459).

Merkin Hall (Goodman House): Music Today, Gerard Schwarz conducting, David Gordon, tenor, David Shifrin, clarinet. Varese, Etler, Tower, Albert (Wed); Concerts Plus. Simca Heled, director, Rossini, Donizetti, Puccini, Gounod (Thur). 67th W. of Broadway. (3628718)

WASHINGTON

National Symphony (Concert Hall): Yoel Levi conducting, Annie Fischer, piano, Choral Society, directed by Norman Scribner. Beethoven, Ravel (Tue, Wed mat, Thur). Kennedy Center (2543776)

CHICAGO

Chicago Symphony (Orchestra Hall): Giuseppe Sinopoli conducting, Lucia Popp soprano, Walton Gronroos, baritone. Mahler, Brahms (Thur). (4358122).

BRUSSELS

Anthony Bailes, Lute; Reusner Losy, Le Sage de Richée, Musée Instrumentale (Wed).

BRT Philharmonic Orchestra, conducted by Witold Rowicki, with Krystian Zimerman, piano. Shostakovich, Brahms. Palais des Beaux Arts (Thur).

VIENNA

Vienna Philharmonic: conductor Claudio Abbado, soloist Jessye Norman. Mahler, Beethoven, Janacek. Musikverein, Grosser Saal (Mon). (658190)

Vienna Symphony Orchestra: conductor Ferdinand Leitner. Mozart, Eder, R. Strauss. Musikverein Grosser Saal (Wed).

Vienna Chamber Orchestra: conductor Claudio Buchler with Anna Maeda, piano, Leonard Kubicek, clarinet. Haydn, Blaimschein, Molter, Fasch. Konzerthaus Schubert Saal (Thurs). (721211).

ZURICH

Tonhalle: Tonhalle Orchestra, conducted by James Loughran, with Rocco Filippini, cello. Mozart, Saint Saens and Strauss (Wed and Thur).

AUSTRALIA

Sydney Opera House: ABC Orchestra, conducted by Sir Charles Mackerras. Programme includes Tippett's piano concerto with Paul Crossley as soloist. (Wed and Thur).

ITALY

Rome: Teatro Olympico (Academia Filarmonica Romana), Piazza Gentile da Fabbriano: Pianist Rudolf Buchbinder playing sonatas by Beethoven and Schubert (Wed). (393304).

Rome: Auditorio di via Della Conciliazione (Accademia di Santa Cecilia): Marcello Panni conducting Cavalli's Favola d'Orfeo and Gluck's Don Juan ou Le Festin de Pierre (Ballet-pantomime in four parts). (6541044).

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Peter Grimes, one of the most famous Royal Opera productions of recent years, returns with its original and most celebrated title role occupant, Jon Vickers, and a conductor new to the opera, Bernard Haitink.

English National Opera, Coliseum: Gloriana, an underrated Britten opera to which the English National Opera production has done a sterling service of revaluation, is revived with a new Elizabeth I, Sarah Walker, and n strong cast led by Anthony Rolfe Johnson, Elizabeth Vaughan, Jean Rigby, and Norman Bailey; Mark Elder conducts. Also The Barber of Seville, with Ann Murray and Keith Lewis rising above the rather modest general level; and Patience, the company's most accomplished operetta production, delightful to watch and listen to.

Royal Opera House, Covent Garden: Swan Lake followed by Romeo and Juliet and a triple bill ending with Nijinsky's amazing Les Noces.

Sadler's Wells, Roseberg Avenue: On Wednesday, Ballet Rambert begins a spring season with n quadruple bill of attractive variety. (2788916).

PARIS

Maurice Bejart and the XXth Century Ballet: Messe Pour Le Temps Futur, expressing the anxiety, hope and fascination of the future. Palais des Congres (2662075).

Spectacle Commedia dell'Arte to music by Richard Strauss, Arnold Schoenberg, Edouard du Puy conducted by Michael Boder with choreography by George Balanchine, Glen Tetley and Ivo Crammer respectively at the Opera Comique – Salle Favart (2960611).

Paris Opera Ballet School performs to the music of Ravel, Lolle, Roussel. Choreography by George Balanchine, Harald Lander and Albert Aveline at the Théâtre des Champs Elysees (7234777).

Rimsky-Korsakov's Coq d'Or conducted by Gabriel Chmura continues the Russian season at the TMP-Châtelet (2334444).

Verdi's Jerusalem conducted by Donato Renzetti in a new production by Jean-Marie Simon, with Cecile Gasdia as a splendid Helène, Veriano Luchetti in the role of Gaston and Alain Fondary as the Count of Toulouse alternates with ballet evenings: La Bayadere and Covent Garden's production of Tchaikovsky's Tempest, (choreography for both by Rudolf Nureyev) creation – Johann Strauss music, choreography by Roland Petit. Paris Opera (7425750).

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Tosca, sung in Italian, Pilar Lorengar does justice to the title role. Also on offer is Bernd Alois Zimmermann's rarely played "Die Soldaten", produced by Hans Neuenfels. Die Lustigen Weiber von Windsor has fine interpretations by Gustav Kuhn and Lucia Peacock in the leading roles. The Magic Flute is n well done repertory performance. (34381).

Hamburg, Staatsoper: Die Meistersinger von Nürnberg is premiering this month with Rene Kollo, Kurt Moll, Hans Setin und Beatrice Niehoff. It is produced by Herbert Wernicke. Also Der Fliegende Holländer with Donald McIntyre in the title role and Lisbeth Balslev as Senta. Wozzeck has Anja Silja as Marie. Othello is steered to triumph by Branco Bonisolli in the title role and Anna Tomowa-Sintow as Desdemona. Die Hochzeit des Figaro closes the week. (351151).

Cologne, Opera: Elektra has Helga Dernesch, Lisbeth Balslev and Gwyneth Jones in the leading roles. It is produced by August Everding and conducted by Gerd Albrecht. (20761).

NEW YORK

Metropolitan Opera (Opera House): Piero Faggioni's new production of Zandonai's Francesca da Rimini has its premiere this week, conducted by James Levine with Renata Scotto as Francesca and Placido Domingo as Paolo. Not heard at the Met since its first American production in 1916-17, it has sets by Ezio Frigerio and costumes by Franca Squarciapino. The week also features the first season performance of Abduction from the Seraglio and the last seasonal appearances of Don Giovanni and Tannhäuser. Lincoln Center (5809830).

Martha Graham Dance Company (NY State Theater): A three-week season includes the world premiere of The Rite Of Spring and New York premiere of Phaedra's Dream to inaugurate a tribute year and new venue for the company. Lincoln Center (8705570).

WASHINGTON

New York City Ballet (Opera House): The Kennedy Center's dance season climaxes with the Washington visit of the New York City Ballet, which includes 17 works in the programmes, including five local premieres. Among ten Balanchine ballets and four by Jerome Robbins, the most recent work in the repertoire is Robbins' Antique Epigraphs for eight female dancers set to two pieces by Debussy, which premiered at the recent winter season in New York. Kennedy Center (2543770).

ITALY

Milan: Teatro Alla Scala: Idomeneo conducted by Gianandrea Gavazzeni with Margaret Marshall and Ugo Benelli. Romeo and Juliet – choreography by John Cranko, music by Prokofiev – scenery and costumes by Jurgen Rose (Paris Opera production). (809126).

Exhibitions

PARIS

Galerie de Jonckheere celebrates its extension from Brussels to Paris by showing four paintings by Peter Bruegel the Younger and 30 landscapes by his contemporaries, full of the colour, verve and earthy joie de vivre associated with Dutch and Flemish 15th and 16th century art. 21, Quai Voltaire. Closed Sun. Ends March 17 (2613879).

Enfants du Passé: Toys from the 17th century to the beginning of the 20th. Miniature silver tea-sets, small musical instruments, furniture fashioned by master craftsmen, Napoleon's son's rattle. All exude the special charm associated with childhood. Le Louvre des Antiquaires, 2 Place Palais Royal, 11 am–7 pm. Closed Mon. Ends March 18 (2972700).

William Bouguereau: An exhibition which continues the present rehabilitation of academic art of the second half of the 19th century. Petit Palais. Closed Mon. Ends May 6 (2651273).

Camille Claudel: 70 sculptures accompanied by paintings, drawings and engravings prove the individuality of Rodin's pupil who, through her realism and, later on, a sense of the theatrical, found her own way. Musée Rodin. Closed Tue. Ends June 11 (7050134).

WEST GERMANY

Tübingen, Kunsthalle: Edgar Degas. The most comprehensive Degas exhibition ever shown in the Federal Republic. More than 200 drawings, pastels and oil sketches document all periods of the French impressionist's oeuvre. Ends March 25.

Bielefeld, Kunsthalle, 5A, Ladebeckstrasse: A Picasso exhibition focusing on the artist's depiction of death. Ends April 1.

Brunswick, Herzog Anton Ulrich Museum, 1 Museumstrasse: "First-hand painting" has more than 80 sketches in oil, dating from the 16th to the 18th century by roughly 50 European artists, among them Rembrandt, Rubens, Tintoretto and Boucher. These initial studies sketched with crayon or coal up to the end of the 15th century, were carefully hidden from the public but have been discovered and recognised as an especially attractive art form. Ends April 1.

Cologne, Museum Ludwig, 1 Josef Haubrich Hof: Masterpieces of Russian Painting has 70 oil paintings from the end of the 19th and the beginning of the 20th century by Chagall, Kandinsky and Malevitch, for example. Ends March 25.

Berlin, Brücke Museum, 9 Bussardstieg: The museum has opened the first of n series of exhibitions in honour of the 100th anniversary of Karl Schmidt-Rottluff, the German Expressionist painter. The show has more than 80 paintings. Ends March 25.

ITALY

Venice: Museo Correr: Until a year ago, there was not a single painting by this Venetian master to be seen in the city (there were in fact two – but in private collections). The local council has now acquired two large and splendid paintings with interesting documentation concerning their restoration.

HOLLAND

An extensive collection by the Dutch artist Bram Bogart from 1951 to 1980 is on view at the Museum Boymans-Van Beuningen, Rotterdam, to March 31. Bogart, born in Delft but a long-time resident of Belgium, is an Expressionist who has recently discovered the joys of updated pointillism.

Rembrandt: The artist's home and etchings each Sunday at 2pm until the end of April. The Rembrandt House and Museum is at Jodenbree Straat 4-6, Amsterdam.

BRUSSELS

Musée d'Art et Histoire: Reconstruction of the chamber of the Bulls of the Lascaux Grottos, closed to the public through fear of damage and pollution affecting the drawings. Until April.

Société Générale de Banque: Sundials, astrolabes, watches, clocks and marine instruments. Ends April 7.

VIENNA

Out Of Steppe and Oasis: A colourful exhibition of treasures from the high-desert plateaus of Turkestan, the heartland of Central Asia, stretching from China to the Caspian Sea, many brought back by 19th-century Viennese travellers. A display of artistic skill applied to household articles and clothing, carpets, saddlebags, and especially jewellery, that a nomadic people could carry with them on their camels. Museum of Ethnology (Völkerkundemuseum). Until April 30.

NEW YORK

Cantor Sculpture Centre: Set against n spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebossé. One World Trade Center, 105th storey.

Metropolitan: Rembrandt, Vermeer, Hals, van Ruisdael and Steel are among the 17th century masterpieces from the Royal Mauritshuis Picture Gallery in The Hague taking up temporary residence in commemoration of 200 years of Dutch-American diplomatic relations. Ends April 15.

International Center of Photography: David Bailey black and white photos of swinging Britain in the 1960s include the faces of that time such as Jean Shrimpton, Mick Jagger and David Hockney. Ends April 1.

WASHINGTON

National Gallery: Thanks to its popularity, the Aztec show of artifacts from the Spanish conquest to the 1978 excavation of Tenochtitlan – the largest show of its kind ever in America – will extend its run to spring. Ends April 1.

Goya in Rome

Goya and his contemporaries are highlighted at Rome's Accademia di Spagna, Piazza S. Pietro in Montorio 3. The Spanish academy is no different from the other foreign academies in Rome in possessing an enviable site; in this case a villa set on the green slopes of the Gianicolo, with a splendid view across the city. In its courtyard is Bramante's beautiful Tempietto.

The exhibition is extraordinary in the contrast between its two sections. The first, devoted to Goya's contemporaries, consists of a series of meticulous, exquisite engravings: portraits of Spanish nobility, copies of paintings by Velásquez, Raphael and Carracci, architectural and botanical subjects – all reflecting a serene and ordered world.

Entering the room devoted to Goya, we are plunged into doubt, confusion, and not a little horror. His series on the Terrors of War, with its horribly mutilated figures, is truly appalling. These are followed by bull fighting scenes of remarkable beauty and tension and a series of bitter social satire, in the manner of Hogarth. (Ends March 10 – but an extension is promised). Open from 10 am to 1 pm and from 5 pm to 8 pm daily except Sunday, when open only mornings.

Jennifer Grego

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (9302578).

Sufficient Carbohydrate (Albery): Transfer after a sold-out season at Hampstead for Dennis Potter's menopausal, over-symbolic but truculently written comedy on s gleaming white Greek island set. Dinsdale Landen superb, yet again, as n garrulous drunk. (8363878).

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than was either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (7341166).

Pack of Lies (Lyric): Judi Dench in a decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (4373686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (8362660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (4371592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with n third-rate farce is a key factor. (8368888)

Saint Joan (Olivier): Staid and stolid National Theatre revival of a play that is finding it increasingly hard to live up to the tag of Shaw's masterpiece. Frances de la Tour is sincere and unrhetorical to a fault as the maid, and Ronald Eyre's direction includes medieval pageant, some striking music by Ilona Sekacz and, alas, a disastrous deputy inquisitor from Cyril Cusack. (9282252)

NEW YORK

Cats (Winter Garden): Still n sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (2396262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale n la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (7572626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (9779020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (9449450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become n stalwart Broadway presence despite the forced effort to recreate the career of s 1960s female pop group, a la Supremes, without the quality of their music. (2396200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (2460246)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (4063000)

WASHINGTON

Beyond Therapy (Kreeger): Christopher Durang's romantic comedy has all the elements of modern singles life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (4883300)

The School for Scandal (Folger): With Dawn Spare as Lady Teazle and Lilene Mansell as Lady Sneerwell, Sheridan's "delicacy of hint and mellowness of sneer" comes to give inspiration close to the nation's capital in a production directed by Allen R. Belknap (5464000).

Death of A Salesman (Eisenhower): A new production with Dustin Hoffman as Willy Loman starts a cross-country tour destined to end up on Broadway in the spring. Ends March 18. Kennedy Center (2543670)

Accidental Death of an Anarchist (Kreeger): Dario Fo's London hit has been adapted anew in collaboration with the author and stars Richard Bauer under the direction of Douglas C. Wager. Ends March 18. Arena Stage (4883300)

THE ARTS

Cinema/Nigel Andrews

Confrontations and crises

Love Streams, directed by John Cassavetes.
Vertigo, directed by Alfred Hitchcock.
Testament, directed by Lynne Lyttman.
Flight To Berlin, directed by Christopher Petit.

To flee or not to flee, that is the question.

Usually you should shake a sceptical head at the critic who tries to tie up the week's films in neat little thematic bundles, saying this week's offerings are all about death, or Zen Buddhism, or solar power. He's probably feeling lonely and depressed and wants to believe in the oneness of the Universe.

Very occasionally, though, he may be right. This week's four films are an amazing symbiotic bunch. All feature characters caught up in the crisis of their lives and wondering whether to flee it or face it out. *Love Streams* is a John Cassavetes comedy-drama about a brother-sister relationship, each trying to escape or resolve their knotted emotional lives. *Vertigo* is Hitchcock's classic 1958 thriller about detective James Stewart and his vexing acrophobia. *Testament* is the story of a doomed American small town sitting under the percolating fall-out from a nuclear blast. And *Flight To Berlin* is about the nasty habit the past has, whenever you try to flee it, of standing there to welcome you at your destination.

James Stewart and Kim Novak in "Vertigo"

Love Streams won the Berlin Golden Bear for Best Film last week, and most appropriately. For watching the movie is like being embraced by a large grizzly and not being at all sure if the hug is intended as loving or lethal. For the first half of its two and a quarter hours we shuttle briskly between two stories. One is the Lothario life of egomaniac novelist John Cassavetes, whose house is a round-the-clock harem, who uses people like Kleenexes to wipe his needs and neuroses on, and who even looks disgruntled when his son of eight arrives (unseen since birth) for a weekend visit.

Story two is that of Gena Rowlands, blonde-storm matron fighting a divorce and custody case plus her own frequent slides into madness. Her husband (Seymour Cassel) is fed up with her, her daughter wants to live with Dad and even her analyst is not much comfort. "Love is a stream," she insists quaveringly to him. "It's continuous, it doesn't stop." "It does stop," says the unblinking shrink.

Our hero and heroine finally come together when she arrives *chez lui* after a European trip and falls straight into his arms and hospitality. Their sibling status is revealed; skin, hair and psyches fly, after the first kisses, and *Love Streams* stands fully unmasked as another heart-ripping family-obsessed drama by the author of *Lies My Father Told Me*, Ted Allan. (Cassavetes directed the play on stage and then co-wrote with Allan this movie version).

As ever with Cassavetes, people behave as if normal life were a permanent group therapy session, where you live out your loves and aggressions loudly over breakfast, lunch and telly dinner. And there are no first aid centres for the children caught in the crossfire.

Gena makes all this nonstop psychodrama work by sheer wit, ferocity and beleaguered beauty: that *cat-eye face* with its flashing cheekbones and that ability to look *stung* and astounded even when asked to pass the sugar. But Cassavetes is a one-note Saturnine actor who can't match her. With his skewy Satanic smile parenthesised by dimples, he's an unchanging mask of ironic malevolence, grand at dealing out Allan's doomy apothegems — "Life is a series of suicides. Divorces, promises broken, children smashed" — but powerless to suggest remorse or vulnerability.

The film, though full of feisty felicities, sometimes seems as long as life itself. And certainly as inchoate. There are wildly maladroit scenes: a "London" railway station with Miss Rowlands at sea amid stage-cockney porters, an operatic dream sequence. And the ending, where Miss R weighs familial anchor and returns to face "life" while her brother subsides into a stern alcoholic haze, even has that old Hollywood standby, a storm raging outside the mansion.

*

If the people of *Love Streams* are in flight from the *terra incognita* of new relationships, James Stewart in *Vertigo* — the famous stammer here defining a twin tremolo of fear and fascination — is standing on that renowned post-Freudian precipice above the valley of Eros and Thanatos.

Film critics are sometimes taken away in padded white vans for overinterpreting Alfred Hitchcock. But *Vertigo* is about so much more than a gumshoe's giddiness, or a thrills-and-spills plot about a detective who witnesses a young woman's suicide and then finds that she (or at least her double) is still alive, that you should clear your mind, fill it with intelligent suggestibility and *then* go and see this gleaming masterpiece. (It featured in my own and several other critics' all-time Ten Best lists in the recent Sight and Sound poll).

Hitchcock has taken a wildly Byzantine plot, from the French thriller novelists Boileau and Narcejac (of *Les Diaboliques*), and given it the kiss of eerie lyricism and dream logic. Detective Stewart, recovering from the trauma of a vertigo attack which caused the death of a policeman during a chase, is hired by a friend to shadow his wife (Kim Novak), who has been wandering San Francisco and environs in a seeming trance. She is obsessed by places—graves, art galleries, old houses—that record or recall her grandmother. Is the dead lady taking over the living one? The sleuth's pursuit leads to meeting, to romance and finally to horror. On a visit to an old Spanish mission Stewart, powerless through his vertigo to prevent it, sees Novak re-enact her forebear's suicide, falling from a high tower.

Soon, however, Novak turns up again and the plot thickens into a bouillabaisse of mystery. The film is paced and painted beyond praise, and no movie ever used more hauntingly California's historic beauty spots: Monterey, the Golden Gate Bridge, Muir Woods and its towering Sequoias.

But Hitchcock's real genius is in identifying Stewart's horror of heights with something larger: with the giddying emotional plunge into sexual love and the age-old (or at least Freud-old) interrelation between passion and death. When the new Novak slips into the old one's screen space, it's like a *liebestod* nightmare reborn. *Vertigo* is one of those rarities; a hugely enjoyable entertainment that's also fathoms deep when you peer below the surface.

*

Testament is plain fayre by comparison. Taken from a magazine story (by Carol Amen), it looks, sounds and tastes like one. There is a beginning, a middle and an end (strictly in that order); no subplots; a nice middle-American family to identify with; and a big simple theme to catch the most slippery reader with, viz. nuclear holocaust.

But the simplicity becomes devastating not banal, as we watch the small-town Californian family—bird-faced Jane Alexander, pale and kindly, and her three children—weaken and die, over weeks rather than days, from the post-blast radiation. (William Devane's commuter Dad is missing presumed dead from the first impact, which hit San Francisco). Unassuming lines like "the milk tastes funny," carry the crack of doom, and death is depicted quietly, hopelessly, poignantly, both on screen and in the mother's diary. "Larry (youngest son) left us today. He just crawled into a ball and died."

Like *Love Streams* and *Vertigo*—but far more reticently—it's a film about the desire to flee when there is no, or little, possibility of flight. The family think of shinning off to Canada, but the anchor of love and home outweigh the featherweight hope of survival. Lynne Littmann's direction carries no whiff of stylistic daring or originality, and the film is telly-fare in visual scope and texture. But its very refusal to barnstorm is its power, and it makes a film like *The Day After* look like Punk Theatricals Night on the Doomsday backlot.

*

Chris Petit's *Flight To Berlin* is a bio-degradable British allegory. After use it disappears without trace into the humus of movie heritage. Susannah (Tusse Silberg) flees from London to Berlin after being implicated in a woman's death. (We never discover the full details, but it's doubtless Symbolese for the death of her old self.) In Berlin she moves round the city relating to various oddballs: her German sister (Lisa Kreuzer), a young Scots stud (Ewan Stewart), a mystery French wheeler-dealer (Jean-François Stevenin) and Eddie Constantine as Eddie Constantine. Meanwhile her husband (Paul Freeman), ill-shaven, dark-glassed and resembling a hungover Jean-Luc Godard, charges in from London to find her. Will she, as a network of conspiracy reveals itself (all the characters, it turns out, are interconnected), stay and fight or once more flee to hoped-for self-discovery?

Conclusion of the jury: this film is guilty of symbol-quilting without adequate human interest. The movie plays needle-and-thread with some fascinating themes—self-renewal, the active and passive tenses of human life (do we control our destiny or it us?) and sex as a chameleon key to human Proteanism.

But the pacing is drab, the performances are underpowered and the script is clotted with unspeakable lines. As in *An Unsuitable Job For A Woman*, Petit and his cameraman Martin Schafer make the film *look* good. They orchestrate moods and motifs with richly defined colours and they also sew in the odd stitch of movie allusion. But though there's no doubt that Petit is cine-literate, it's still open to some doubt whether he's cine-imaginative.

Two Can Play/Stratford East

Martin Hoyle

This production of Trevor Rhone's two-hander was a notable success at the Arts during last autumn's season of black theatre. After a first half that amounts to a relentlessly winsome exercise in the *Faux-naif* and leaves one breathless at the humoristic programme note's reference to "Shakespeare and English trivia," the second act looks seriously at a twenty-year marriage and aspects of the sex war that transcend the Jamaican setting.

Off-stage machine-gun fire is explained by the 1979 election, Jamaican politicians presumably enjoying a more liberal interpretation of election expenses than their British counterparts. Jim and Gloria plan to join their children as illegal immigrants in America (a sign of the times).

The machinations to enter the land of promise entail divorce, marriage to an American, re-divorce and re-marriage, planning to smuggle currency past the Miami customs: and a panic-stricken attempt to hide the incriminating dollars when the police call unexpectedly (they have the wrong house). Shrieks from the audience told me I was missing much in the elusive Caribbean speech - rhythms.

Act Two explores Gloria's dissatisfaction with the marriage after her unnerving experience of American squalor in her efforts to pave the way for Jim's arrival. Her analysis of sexual selfishness and insensitivity is strongly expressed by Corinne Skinner-Carter, while Allister Bain's Jim, previously a conscious droll determined to appear lovable, comes into his own. Anton Phillips directs, as at the Arts, and the resultant diversion leaves one uneasily stranded between television comedy and soft-pedalled sexual polemics.

Kirkby, Tubb, Rooley/Wigmore Hall

Andrew Clements

What I suppose could be regarded as a 17th-century equivalent of the Songmakers' Almanac compilations, without the readings, has been presented by the Consort of Musicke over two evenings this week at the Wigmore Hall under the title of "Vocal Duets before Handel." Tuesday's programme featured male voices; Wednesday night it was the turn of the ladies, songs for the contrasted sopranos of Emma Kirkby and Evelyn Tubb, accompanied on the orbo and lute by Anthony Rooley who also devised the concerts.

The two halves on Wednesday were arranged along national lines: Italian in the first, grouped around Monteverdi, English after the interval, a roughly chronological sequence beginning with Henry Lawes and ending with Purcell. Such a plan worked better on paper than it did in performance. The pace and mood of the Italian duets were too unvaried; even the inclusion for solos for both singers — Miss Tubb took Luzzascho Luzzaschi's "Cormio." Miss Kirkby Monteverdi's "Voglio di vita uscir" — did not break the feeling of monotony. It is a brave soprano who sets herself against Miss Kirkby in this repertoire, but Miss Tubb acquitted herself handsomely, especially in the more vividly theatrical songs.

More variety in the English group, and a splendid trio of Purcell items to close. The winsome presentation of Lawes' "This mossy bank they prest" and "Among my fancies" was not to my taste, but Miss Tubb made ample amends in Nicholas Lanier's "Hero's Lament," an extended solo sustained with great dramatic purpose, while Miss Kirkby touched in the tracery of John Blow's "Sappho to Venus" with delicacy and tact. "Two daughters of this aged stream" from Purcell's King Arthur was the high-point, the two voices working in precise balance; delightful enough to make one wish the whole evening had been devoted to this particular composer.

On the Spot/Watford Palace

Michael Coveney

Edgar Wallace's 1929 thriller about the prohibition gangster Tony Perelli was inspired by the crime writer's flying visit to Chicago arranged by his American publishers. Perelli is in fact Al Capone and the brittle, brutal play was a huge hit for Charles Laughton and the author.

Simon Callow as Tony Perelli

At the Watford Palace, Simon Callow plays Perelli in a smoky, gothic hard-edged production by Robert Walker, that makes fascinating use of footlights beaming up into the actors' faces. After the smoke has cleared on a street murder scene, we plunge into a superbly tasteless design by Patrick Robertson of Tony's Chicago apartment: gilded chandelier and sofa, marble pillars, baroque murals and an organ where Perelli fingers Gounod's "Ave Maria" with one hand while devoting the other to the left breast of his buddy's and future victim's wife.

This other Maria, beautifully played by Eva Lohman is in tangerine silk and is subjected to a bull-like charge of desire by the man who will later put her husband "on the spot." From the off, Callow's Perelli has a split sexual drive, revving up for rapacious sallies while collecting the rent on the down town bordello.

The Chinese wife of the original play has been translated, not without wonderful effect, into a Japanese Madame Butterfly, exotically played by Sayo Inaba.

Little Jimmy (Jesse Birdsall) is dead the minute Perelli blows him a kiss while demoting his protective cigarette case from breast to trouser pocket.

By going for the bizarre and rococo this production achieves something quite original. It presents a spectacle of obsession and ritual warfare that is positively Jacobean.

James Warwick as the bespectacled police chief who seems to have easier access to Perelli than does his wife, and Maurice Colbourne as Con, the doomed sidekick, are splendidly responsible with tricky parts.

Simon Callow, puffed up like a turkey cock in evening dress and slicked back hair, suggests he is an Irish-Italian immigrant still working on a Chicago drawl. This is a good touch. The performance is one of melting ice until the shooting of Con when Callow unleashes himself and his bullets demanding of his victim that no blood he spilt on the sofa. Like a demented suburbanite he proceeds along his own furniture in a slithering motion of pathetic triumph. Callow's Perelli is a fascinating study in assertive failure. A very far cry from Rod Steiger's matchless Al Capone, but a suitable stage occupant of what one character describes as "this ecclesiastical brothel."

Ganelin Trio/Bloomsbury

Ronald Atkins

As jazz improvising has grown to depend less upon the traditional American virtues of timing and swing, so has Transatlantic dominance been challenged by musicians from Europe and beyond. It is somewhat ironic that a group from Russia should rank among the finest in this field and even more so that their pre-eminence is due in part to an ability to drive ahead and to get the feet tapping.

The Ganelin Trio is here on a short Arts Council tour and their concert at the Bloomsbury Theatre on Wednesday confirmed that their music conveys a sense of urgency that perhaps can be traced in part to conditions not wildly dissimilar from those in which jazz was born and raised. In one country there is a background of social and cultural segregation; in the other you have the head of the State Record company telling Vyacheslav Ganelin that "our people do not need this kind of music."

The opening number "Non Troppo" began with Ganelin tinkling at the piano against restrained accompaniment from Vladimir Tarasov on drums. Vladimir Chekasin eased in on his alto-saxophone and so far, apart from the rare pleasure of hearing and seeing a drummer using wire brushes in the approved manner, nothing was outside the norm of European free improvising. Chekasin changed this with a surprisingly rhapsodic solo during which the group sounded like the Cecil Taylor trio but with a more coherent internal balance. The saxophonist then improvised around the central theme, by which time Tarasov had settled into a swinging tempo.

The second half consisted of "New Wine," self-indulgence at its worst but often a delightful reworking of the basic form. Art Blakey would have enjoyed the opening drum solo with its 2-4 beat on the high hat and call-and-response patterns on snare drum and tom-toms. Ganelin then played an orthodox ballad accompanying his right hand phrases via a keyboard bass on which he showed for the first time a steel fingered command of jazz phrasing. Then came a peripatetic saxophone interlude from Chekasin, highly amusing, and a rather boring percussion ensemble. Fortunately by the close, which came with a short and stabbing interpretation of "Too Close for Comfort," the trio was once more on course. A couple of encores ended a mostly triumphant and, in Anglo-Russian terms, an historical evening's entertainment.

Oboe and harp/Purcell Room

David Murray

In their latest Westmorland Concert on Wednesday, the Royal Academy of Music presented two outstanding young soloists, the oboist Nicholas Daniel and the harpist Imogen Barford. The careers of both have been well launched already by major awards, and barring accidents they will surely become familiar figures on the concert stage. What they offer now is not just promise, but full professional authority.

Oboe and harp make an attractive combination, but little music has been composed specifically for it except commissions for the famous duo of Heinz and Ursula Holliger. Daniel and Miss Barford played one of those, Jolivet's extravagantly colouristic *Controversia*, and Holliger's own gentle (but technically demanding) *Mobile*. We got also Alun Hoddinott's amiable new *Bagatelles*, a pretty *Sonatine* by Günter Raphael, and two pieces which translated very well into the duo-medium—Bach's G minor Sonata BWV 1020 and the Satie *Gymnopedies*. Britten supplied two major solo tests, the op. 83 harp Suite and the oboe *Metamorphoses* after Ovid.

Their Bach went splendidly, not prettified but played with clean conviction. All the lesser pieces were displayed with charm and resource, but it was the big Britten solos that showed the performers at full stretch. Daniel has the command of long line that marks a fine oboist.

The tingling precision of Miss Barford's playing was a continuous pleasure, complemented by lively rhythmic powers beyond the harpist norm. She has an impressively well-balanced touch, and with it a sterling control of dynamics on quite a grand scale. No doubt her own solo recital in May (in the same hall) will explore the harp's aquatint range more thoroughly.

Saleroom

Annalena McAfee

A St Petersburg Imperial Porcelain Factory vase, dated 1841, was sold for £24,200 ($16,350) to an anonymous buyer at Sotheby's in London yesterday. The two-day sale of 19th century ceramics and sculpture, works of art and furniture realised £314,138 in its first part yesterday, with 16.02 per cent bought in.

A white marble bust of Alexander Von Humboldt, made in 1851 by Christian Rauch, was bought for £11,000 by the London dealer Cyril Humphries. The same price was paid for a Viennese enamel and silver carved crystal horn. The buyer was Coopman, the London dealer.

A bronze group with an Arabian hunter astride a horse with dogs at his feet was sold for £7,700 to dealer Youngrose.

Another bronze group, of an Arab falconer on horseback, was bought for £7,150 by a private buyer.

The morning total of Sotheby's sale of prints yesterday was £187,984 with 5.03 per cent bought in. Maggs, the London dealer, paid £24,750 for 120 tinted lithographs of *Egypt and Nubria*, signed "after David Roberts" and dated 1846–9.

At the same sale 24 plates depicting views of Switzerland by Heinrich Fuesli were bought for £8,800. The plates, from a book entitled *Zurich Historich Merkwürdige Schweizer-gegenden, nach der Natur gezeichnet* were dated 1802.

At Sotheby's sale of jewellery yesterday £14,300 was paid for a maquise diamond solitaire ring in platinum. A ruby and diamond dress ring fetched £12,100 in the sale, which realised £546,282 with 15 per cent bought in.

Rumours among clock and watch dealers that trade had picked up in recent months was reflected in the saleroom yesterday when Christie's recorded its best sale for the past two years. All categories were selling well with re-offers finding willing buyers. In a sale which totalled £284,774 there was only 12 per cent unsold, almost all of that figure contributed by the failure of a Charles II ebonised bracket clock by Joseph Knibb to find a buyer at £11,000.

Pelham Galleries, London, buying on behalf of a client, paid £27,000 for a gilt metal and stone set musical mantle clock for the Chinese market signed Brockbanks, late 18th century. A gilt metal musical automaton clock, again for the late 18th century Oriental market, made £15,120.

Among the watches, Brunner, the German dealer, paid £28,080 for a gold hunter-cased tourbillon watch, the movement signed Frodsham, South Molton Street, London. Chronometers included a rare "Paul Ditisheim" two-day marine example – the first to come on the market for the last 10 years – at £4,536 to a private collector living in Germany.

A nightingale sang

Book review / William Weaver

Opera singers, when they are not singing operas, are boring, as a rule. And retired opera singers are not only boring, but also numbingly unimaginative. Of the 56 ladies interviewed for the book, the majority say pretty much the same thing.

A synthesis would run something like this: "God gave me this marvellous voice, and I was fortunate in having a marvellous teacher. Maestro X happened to hear me sing at a friend's house and immediately engaged me for the opera house in Y. Two days before my scheduled debüt, the great Madame Z fell ill, and I had to step in for her at the last moment, despite the machinations of the envious Madame A. I was a huge success, and engagement offers poured in from all over the world. Strauss (or Mascagni or Zandonai) said that nobody sang his heroines the way I did. I retired in 19.., though I could have gone on singing because I still have my high C, but the opera world is no longer what it used to be; singers nowadays think only of money. So I live with my memories, taking only a few students."

No doubt, all of these (synthesised) statements are true, but that does not make them interesting. Happily, in Rasponi's gallery, there are a few exceptions: Grummer, Lubin, Novotna, who actually come across as human beings. And Rasponi's own observations, at the beginning and end of his book, are frequently cogent and informative (though always personal, even idiosyncratic).

For the most part, he seems to have taken his interviewees at their word; he supplies few dates or corrections of his own. Often, politeness seems to have prevented him from asking provocative questions (for example, he might have got Gianna Pederzini to say something about her long association with one of Facism's most disliked *gerarchi*). Since Rasponi was for years Tebaldi's press-agent, he never really interviewed Callas; and his piece on her, riddled with misinformation and bias, seriously mars the book.

But, of course, this is not a book for scholars or critics. It is for fans, for nightingale-fanciers; and since there are plenty of them, the work will surely have a good sale.

But are these the *last* prima donnas? Has the mould been broken? These 56 singers would surely say yes, but in a few years' time, no doubt, some emulator of Raspani will be hearing Scotto and Freni and Caballé and Cossotto saying: "God gave me this marvellous voice, and I was fortunate..."

Contemporary Spanish Art

Keith Patrick

Spain is rapidly becoming one of the most surprising entrants to the international art market as it shakes off the years of censorship.

The urgent need for expression and recognition among Spanish artists and galleries can be measured by the thoughtful planning which helped to make Arco 84 a success in more than purely commercial terms.

The six-day exhibition was accompanied by an exhaustive programme of lectures, visits and social events which drew visitors into the spirit of the occasion and made them confront the tenuous thread upon which the accepted history of contemporary art hangs.

A decade ago, Madrid boasted only one commercial gallery of note. The 87 Spanish contributors to Arco 84, therefore represented a considerable change in attitude towards the arts in recent years.

The dependence on public exposure in the development of any artistic tradition is paramount. It is all the more surprising, therefore, to discover that despite the legacy of indifference and obstruction during the Franco period, painting and sculpture have flourished. That this tradition borrows from American and European models should not obscure its individual Spanish flavour.

In recent years the hat has been lipped reverently in the direction of sources as varied as Rothko and Bacon, but its real strength lies in the artists' awareness of their own cultural heritage – of Velasquez, El Greco and Goya.

This marriage of traditions and an urgent need for political expression unique to their own recent history has determined a singular position for Spanish contemporary art.

One of the main attractions of an arts fair is that the wheat and the chaff lie together in a grand bazaar of seemingly unselected works. If the indifferent outweighs the worthwhile, the more challenging becomes the problem of personal choice.

Among the mass of largely unfamiliar talent was the impressive stable of the Galeria Joan Prats (Barcelona), which includes the young painter Frederic Amat. Amat now lives in New York, an exile like so many of his successful predecessors. His individual mythology of carnival figures is powerfully expressed in a recent series of life-sized resin and collage works on paper.

Also of particular interest was the Galeria Cadaques, which provided an all too rare showing for the Catalan artist Pitxot. In contrast to the vigorous and bombastic Amat, Pitxot is a quiet and meditative artist whose paintings pay homage to a life-long friendship with the now ageing Salvador Dali. This work, also clearly influenced by the rugged north Mediterranean coastline, was a welcome reflection on Spain's own immediate past.

The development of a personal iconography can also be found in the work of Zush (Galeria Fernando Vijande, Madrid) whose eclectic and highly idiosyncratic fantasies often take the form of delicate graphics and eccentrically illustrated diaries.

The pursuit of personal mythology, rather than pure formalism, is undoubtably the strongest feature of contemporary art in Spain.

THE MANAGEMENT PAGE

Breathing new life into old products

Carla Rapoport on why added value boosted some familiar names

PRODUCT development isn't just about launching new products. It's also about re-appraising existing products in order to re-ignite sales growth. It's about thinking up new uses for the by-products of existing products. It's about motivating the staff to do the things that have been thought up.

At a conference in London this week hosted by Kraushar and Eassie, the marketing and product development consultants, managers of some of the best-known product names in Britain admitted that they'd made some big mistakes in the product development game. Kentucky Fried Chicken, it seems, was losing out to hamburgers and tandoori while Harpic, the well-known cleanser, was languishing with a good name but shrinking sales.

Today, things are a lot better, according to these same managers. Here's what they say about how they did it.

● BRITONS are neurotic about cleaning the lavatory, according to Patrick Rykens, marketing director, household and toiletry division, Reckitt Products, a division of Reckitt & Colman. It was this neuroticism which Reckitt exploited to bring new life to its 50-year-old cleaner, Harpic.

In addition to wanting to clean the lavatory, he says, the British home-owner has an "emotional need" to be seen protecting his or her family from germs. In fact, the average UK lavatory is so clean that Reckitts has to introduce germs into its laboratory loos before testing new products.

But the fact that the average household has 2.5 lavatory cleaners in each bathroom set Reckitt thinking that it might corner more of the market for itself with a multiplicity of Harpic cleaners. In 1978, Harpic had total sales of £2.5m out of a market worth £73m. Even so, 99 per cent of housewives knew the name and, like Hoover and floors, Harpic had become synonymous with top quality loo cleaning.

In the late 1970s, Reckitt decided to push Harpic into two new directions, heavy cleaning and the so-called cosmetic end of the market. In early 1979, Harpic Jet Liquid made an appearance. Then came Harpic Bleachmatic, offering "continuous bleach protection." In the same year, Harpic WC Fresh was launched. It was sold at three times the price of traditional products for inside the loo because it had "better fragrance plus foaming action."

Harpic WC Blue came next and Rykens unashamedly calls it a "strict me-too" product. It copied Brobat Bloo, but had the magic Harpic name and a low price. Not surprisingly, it has had the least success of the Harpic family. WC Blue was joined by a green cousin in 1981, however, and this combination helped to double Harpic's sales in this sector.

Overall, the Harpic line extensions boosted sales from £2.5m in 1978 to £14m last year in a market now worth £100m. Volume this year is still increasing and the Harpic name is being supported with £3m in advertising a year. Reckitt's newly won confidence promoted it to take Harpic to the U.S. where, under the name Bully, it is a brand leader in the in-cistern market.

"Over this period of time, a pioneering spirit developed in the whole business, with the result that everyone was thinking about, reaching for, and planning the launch of new products," says Rykens. Between 1979 to 1983, Reckitt household and toiletry division launched 20 new products, of which two thirds met this targets.

Rykens has extracted five rules from this experience. They are:

"We have to differentiate our products or die." Me-toos do not work in the long run.

Take the initiative and be first on the market.

Concentrate resources, sales force, production and marketing behind key brands.

Accept the risks of launching lots of new products.

Start working on the relaunch as the initial launch ends.

Without new products, he concludes, "we would have been dead."

● "WHEY itself is a very interesting product," says Chris Nelson, managing director, Express Eden Vale, part of the Express Dairies Group division of hotels, brewing and leisure group, Grand Metropolitan. He should know. For every ten tons of milk that Express uses to make cheese, it gets 1 ton of cheese and 9 tons of whey.

Whey comprises lactose, minerals, protein, and a small amount of fat. It used to cost Express Dairies £20 per ton to dump the stuff. But, about five years ago the company figured out how to extract the protein and began selling it to food manufacturers.

The company was soon selling 750 tons of whey protein to food manufacturers around the world, but it still had the lactose and minerals sitting around.

"Here, we took a decision which could either be described as an act of faith, or madness." The company decided to ferment the lactose and use it as a base to produce alcohol. Today, the group produces half a million gallons a year of potable alcohol, which is bought by Gilbey's Gin, Smirnoff Vodka and Bailey's Irish Cream.

The group is now processing about 35,000 tons of whey powder a year in the UK and U.S., earning about £70 per ton from the former waste product. Even so, it decided that there must be more to whey than baby food and gin.

At a brainstorming session in Southern Ireland a few years ago, a consultant from a top London teaching hospital told Express that a growing market for feeding seriously ill patients was being supplied exclusively by imported products.

Express zeroed in on the enteral feed market, in which patients are fed through the nose. Products then on the market had to be mixed-up by hospital staff and administered throughout the day and night. Express hit on the idea of a whey-based ready-mixed feeding system which was both sterile and time-saving for weary nurses. After some initial setbacks, the product appears to be doing well in UK hospitals. Its current advantages is price and convenience.

"Because we are not seeking pharmaceutical-type margins, our system offers a cost saving of 30 per cent. Or should I say, did offer a cost saving of 30 per cent, because, surprise, surprise, all the multinationals have dropped their prices to compete with us," says Nelson.

Out of these experiences, Nelson has distilled four principles for companies seeking to add value to their product lines. They are:

Get on with it. Identify the opportunity, get the data, test it and do it.

Get a committed and dedicated resource pool behind the project. If you don't, it will get lost in most large companies.

Get commitment to the project from the top, the chairman, chief executive, the board, so if the project runs into difficulty—and they all do—it'll still get the backing to see it through.

Keep close to your customers. They can identify opportunities, tell you when you are going wrong and help provide solutions to problems.

● Only two years ago, Britain's Kentucky Fried Chicken businesses looked headed for trouble. According to John Barnes, managing director, KFC, sales of chickens (measured by heads) dropped by 2 per cent in 1981 and a further 7 per cent in 1982.

"Our shops were only starting to get busy when the pubs were closing," says Barnes. "Seventeen per cent of our trade was after midnight." The franchisee's reaction to a loss of volume was simply to increase prices. As KFC prices went up, it lost customers and was sucked further into decline, he says.

KFC decided in late 1982 to invest in a broadly-based consumer research project. The report threw up the news that customers found the Kentucky Fried Chicken stores lacking both in cleanliness and swift service. There was a need for better value for money, a product to compete with the hamburger, and better behind-the-counter organisation.

The group decided on a programme of "repositioning," which meant that it would try to improve itself and inform its customers of the improvements at the same time. A 2 per cent advertising levy on all all franchisees and a £4m investment in new equipment was planned.

But first, according to Barnes, KFC had to sell its franchisees on the project. Two of the more progressive of the group's major franchisees agreed to test the programme in some 30 shops in Westward and Anglia TV areas. Cleanliness standards were raised, the product line extended and management training boosted. The results in these three areas were amazing, says Barnes, "so we managed to induce the birth of repositioning nationwide."

Customers started visiting the chicken shops in the day and 54 per cent of the business moved into the afternoon and early evening. The menu mix became more evenly divided, with orders for family packs of chickens shooting up from 10 per cent of orders to 25 per cent. The new chicken sandwich claimed 11 per cent of orders.

More gratifying, however, was that overall sales reversed their decline and moved into overdrive. In Anglia, sales increased by 50 per cent during the brief test period; in Westward sales jumped by 40 per cent. And the sales impetus is continuing. In the year following the repositioning programme, sales in Westward and Anglia climbed 21 per cent and this year they are better by 25 per cent. The programme went nationwide by mid-1983 and by the end of the year sales were 28 per cent ahead.

"In the future, there is no doubt that the market will become even more competitive," says Barnes. KFC's success rests on the success of the franchisee, he adds.

Investment criteria

Two-way pull in the U.S.

TOP EXECUTIVES in the U.S. feel that they are under constant pressure from a frequently short-sighted investment community to produce immediate profits at the expense of long-term gain. But they are not guilty of such short-sightedness themselves—according, at least, to a new report from the Conference Board, the independent, company-financed U.S. research organisation.

The survey gives an intriguing glimpse of the delicate relationship between the enormously sophisticated U.S. capital markets and the companies which rely on their funds. It is frequently argued that this relationship sometimes works to the disadvantage of the country's industry. Managers, this thesis goes, have to think short term because the market responds only to the quick fix of the quarterly earnings report. Hence U.S. industry loses out to the foreigners—above all to the Japanese—who lay down long term plans and can pursue them under the financial umbrella of compliant banks and holding companies.

This clichéd image is borne out in much of what the Conference Board's sample of mainly chief executive officers have to say. "The market drives the measurement, and the market is not concerned with the long-term," says the chairman of a consumer products company. And a petroleum company president declares: "The pressure applied by the financial community for quarterly earnings is severely damaging most companies' view as to what the critical measure of performance should be."

Yet, despite this generally perceived pressure, most senior executives insist that they personally are strong enough to resist the pressure to give way. Around three-quarters of the sample interviewed reject the view that their own companies are influenced by short-term financial indicators. Several have installed executive incentive programmes which assess performance over multi-periods, and one chairman says flatly: "I have never perceived an action aimed only at creating good performance next quarter."

Analytical

It is not obvious why there should be this conflict in managers' views about the overall operating environment and the way they themselves react to it. But a clue of kinds is given in the way they rank the relative importance of different performance ratios.

Right at the top of the list the respondents place a measurement which could be described as much more of a managerial than an analytical tool — return on investment. This is clearly the kind of ratio which demands a longer-term perspective investment: yet it is followed by one which provides the basis for the shortest snap judgment of all — the absolute net earnings figure, or the so-called "bottom line" beloved of Wall Street. Similarly, the earnings per share figure, the other equity market favourite, is given a relatively high ranking, but not high enough to suggest that chief executives are totally dominated by it.

One inference to draw [illegible] all this is that the [illegible] companies and [illegible] quently, and quite [illegible] coincide. Another [illegible] of the talents [illegible] for in their senior [illegible] officers is the ability [illegible] tain a balance between [illegible] long-term needs of [illegible] sation and whatever [illegible] might think of it.

Undoubtedly, the [illegible] quarterly reporting system and the high level of [illegible] demanded of major U.S. [illegible] porations keeps [illegible] under constant pressure, a little like end of term tests at school. And just as at school, this has the advantage of keeping everybody on their toes, along with the disadvantages of pushing some into the wrong decisions.

The survey also adds, however, a further piquant point. In the view of many executives, financial indicators, by their very nature, reflect the short term. Projects therefore tend to be evaluated on this basis because the results are more predictable over the near term, particularly since inflation in the future is unknown, unmeasurable and dangerously volatile.

If this is indeed true of the way companies see things it serves to hammer home the point that low to stable inflation rates can only help industry by giving it a predictable framework in which to plan. The more certain the future is the more the short term will equate to the long term interest.

Terry Dodsworth

Business courses

Performance analysis and productivity, London. May 10-11. Fee: £180. Details from Nigel Meade, Department of Management Science, Imperial College, Exhibition Road, London SW7 2BX. Tel: 01-589 5111, ext 2828.

Career management systems: adapting to change, Brighton. May 2-4. Fee: £440 (£385 for IMS subscribers). Details from Jill Ibrahim, Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton BN1 9RF. Tel: 0273-686751.

Selling to industry, Kent. May 13-18. Fee: £450. Details from The Client Services Director, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

The FT world gold conference, Hong Kong. May 3-4. Fee £450. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Directing and managing research and development, Uxbridge. April 30—May 4. Fee: £575. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel.: 0895 56461.

Management, men and organisation, Nice. May 7-11. Fee: Non-members BFr. 60,000. Members (AMA/I) BFr 54,000. Details from Management Centre Europe, Avenue des Arts 4, B-1040, Brussels. Tel.: 02 219 03 90. Telex 21 917.

Marketing—the new realities, Henley. May 13-18. Fee: £790 +VAT. Details from the Registrar, Henley—The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel.: 049 166 454. Telex: 849026 HENLEY G.

Intervention skills in managing, supervising and helping, Middlesex. May 3-4. Fee: £230. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel.: 0895 56461.

APPOINTMENTS

Balfour Beatty board changes

BALFOUR BEATTY has made the following appointments: Mr Derrick Wild becomes o director of Balfour Beatty Construction; Mr John Dean a director of Balfour Beatty Construction, is made a director and chairman of Stewart McGlashen, chairman of Balfour Beatty Construction (Scotland), chairman of Raynesway Construction Services, and a director of Balfour Beatty Homes; Mr H. Turnbull is appointed a director of Stewart McGlashen; and Mr John Dean, Mr Roger Stagg, Mr Anthony Merricks and Mr Roger Hacker are appointed directors of Stent Foundations. Balfour Beatty is a member of the BICC Group.

*

Mr Geoffrey Musson of the Merchant Navy Officers Pension Fund has taken over as chairman of the investment committee of the NATIONAL ASSOCIATION OF PENSION FUNDS. Mr John McLachlan of the British Rail Pension Funds has become vice-chairman. Mr McLachlan has been appointed corporate investment manager, REED INTERNATIONAL responsible for investing its pension funds from April 2.

*

At the MIDDLESEX GROUP Mr Eddie T. Foulds, chairman and founder of the group, will retire from day-to-day executive responsibility and from April 2 will become president. Mr Paul S. Foulds has been appointed chairman and chief executive. Mr Ray Wilkerson continues as managing director of Middlesex Tool and Gauge Company and Weyside Engineering at Guildford. Mr Alan Robb has been appointed managing director of Middlesex Machine Tool Company in succession to Mr Paul Foulds and is responsible for the Basingstoke operations and Parker Waddington in Birmingham. Previously Mr Robb was manufacturing director of Alvis in Coventry.

*

Mr Alan Leibowitz and Mr Ronald Wunsh have been appointed executive directors of HANOVER ACCEPTANCES. Mr Terrence Soon Shiong becomes deputy chairman of Dorrington Investment and Mr Trevor Moross is appointed joint managing director. He continues as a consultant to Portmans. Mr D. P. (Budge) Rogers has joined Hanover Insurance Brokers as managing director.

*

CSE AVIATION, Oxford, has appointed Mr R. W. Littledale as financial director.

*

Mr N. N. Graham Maw, senior partner of Rowe and Maw, solicitors, has been appointed a director of TELEPHONE RENTALS.

*

Mr Edward F. James, until recently senior deputy director-general of the CBI, has been appointed to the board of TACE as a non-executive director.

*

CABLE & WIRELESS UK SERVICES has appointed Mr Christopher Ash-Edwards as financial controller.

*

Mr Ian Thomas, chief executive of Reed Telepublishing, will joio the board of the parent group, REED PUBLISHING, on April 1. Mr Ted Piper, management services director, Business Press International, will relinquish that appointment to join the Reed Telepublishing board.

*

Mr Chris Jones has been appoioted chief executive of the retailing activities of SEACO INC which inclndes the Collection Venice Simploo-Orient-Express. He joins from Trusthouse Forte where he was chief executive of the Lillywhites Retail and Cantabrian manufacturing companies.

*

Mr J. A. B. Redgrave has been appointed non-executive director and chairman of STAINLESS METALCRAFT. Mr S. H. J. A. Knott, the retiring chairman, will continue as a non-executive director and deputy chairman.

*

JOHNSON MATTHEY & HINTON HILL has made subsidiary board appointments. Mr Douglas A. R. May becomes managing director of Hinton Hill & How Life and Pensions Consultants; and Mr John W. Pendleton has been made managing director of Hinton Hill & How (UK).

*

BABCOCK INTERNATIONAL has appointed Sir Frank Cooper as deputy chairman. He became a non-executive director last April.

*

MERRILL LYNCH CAPITAL MARKETS is reioforcing its London-based mergers and acquisitions team with the additions of Mr Rod Colwell, formerly a manager in Hill Samuel's mergers and acquisitions department, and Mr Patrick Dewez, a vice president from Merrill Lynch's mergers and acquisitions group in New York.

*

Mr Gianni Montezemolo has taken over as managing director of JOHNSON WAX in Britain, succeeding Mr Geoffrey Hudson who has resigned to pursue other business interests. Mr Montezemolo was managing director of the Johnson Wax Company in Italy.

*

Mr Stuart G. Ely has been appointed a director of NEW IDEAL DEVELOPMENTS, and will be responsible for the day-to-day running of the company, a subsidiary of Trafalgar House Property. It is the new vehicle company for identifying and assembling urban renewal and mixed use sites. Mr Ely will continue as managing director of Builders Amalgamated.

*

Vauxhall dealer HANGER OF LONDON has a new managing director, Mr Mike Harris. He was group fleet director.

*

Mr J. Appleby, works director of NORTH BRITISH STEEL GROUP's foundries, will retire from executive duties on May 31. He has agreed to remain on the foundries board in a non-executive capacity. Mr D. S. McPhail, presently works manager at Armadale Works, will become works director covering Armadale and Bathgate Works.

*

Mr Don McCrickard, managing director of United Dominions Trust, has been appointed chairman of SWAN NATIONAL, car rental company, a wholly-owned subsidiary of UDT. Both companies are members of the TSB Group.

CONTRACTS

£4m helicopter training system

FERRANTI COMPUTER SYSTEMS, Cheadle Heath division, has won a Ministry of Defence contract to supply the Royal Navy with a Sea King Mk 5 ASW helicopter rear crew training system, for procedural and full mission training. The training system comprises three rear crew trainer cabins (RCTC) which may be operated independently or jointly. For full mission training, each RCTC may be linked with a cockpit dynamic simulator in an integrated training system. The contract is believed to be worth just under £4m. Simulation of the Sea King's major equipment including radar, ESM, navigation systems, sonar, MAD, communications and weaponry will be controlled, via a computer, either from instructors' VDU-based consoles or from a portable local control panel. Each exercise will be set-up from the instructor's console, which has facilities for monitoring the complete tactical situation and injecting malfunctions into the system. The local control panel may be used within the rear cabin for more direct control and closer monitoring of trainees' performance. Eventually intended for permanent installation at RNAS Culdrose, each RCTC will initially be in two containers—one housing the computer and instructor's console, the other a fully-equipped replica of a Sea King HAS Mk 5 rear cabin.

*

Shell UK Exploration and Production has awarded a contract for inspection of the Shell/Esso Flags offshore pipeline to BUT SUBSEA of Aberdeen.

The contract, thought to be in the region of £1m, calls for the inspection of over 300 km of the Flags line, which runs from St Fergus in Scotland to the Brent Field in the northern North Sea, plus infield and inter-field pipelines. Work is planned to start in May, and will be carried out using BUE SubSea's remote controlled underwater vehicle Consub 2 operating from the support vessel British Enterprise Three. BUE Subsea was formed in January through the merger of British Oceanics, of Leith, Scotland and Suh Sea Surveys of Barrow-in-Furness, England.

*

HADEN MANAGEMENT CORPORATION, Detroit-based member of the Haden Drysys international division of Haden, has been awarded a design and construction management contract for a £30m vehicle paint line at the Ford Motor Co plant at Minneapolis/St Paul, Minnesota.

*

QUALITY INSPECTION SERVICES, of Stockton has been awarded a £2m contract for the non-destructive testing and heat treatment of the offshore hook-up and commissioning of the Morecambe Gas Field development project. Placed by British Gas, the contract is expected to reach completion by end 1985.

*

BSC TRACK PRODUCTS, Workington, has won a £1.7m rails order from Gabon in West Africa for the second construction phase of the Trans-Gabon Railway. Finance for the contract has been arranged by a Midland Bank International medium-term credit, supported by the Export Credits Guarantee Department. Other companies supplying hardware for the project include British Rail Engineering and Hawker Siddeley.

*

PROVINCIAL CLEANING SERVICES, a wholy-owned subsidiary of Hawley Group, has been awarded contracts worth about £3.6m over three years by the Kent County Council Education Department for the cleaning of 220 schools in the Gillingham, Canterbury, Maidstone, Swale and Tonbridge Districts. These contracts will employ about 1,200 people.

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The Volcker dilemma

AT FIRST sight, it is simple irrationality. Mr Paul Volcker, tha Federal Reserve chairman, goes to the Senate and delivers a strong warning about the dangers of the U.S. fiscal deficit: in the next few weeks, the dollar falls by more than 10 per cent against major rival currencies. Then, this week, Mr Volcker repeats much the same warning in front of an audience of fund managers; the bond market understandably gets the jitters, but the dollar rallies sharply.

On closer inspection, however, the episode does reveal a consistent inner meaning, and it is not a comforting one. Leaving aside the currency merket reaction, where talk of higher interest rates was nicely timed to release what will probably prove only a technical reaction, Mr Volcker is pointing to dangers not only for the U.S., but for the rest of the world.

Exposed

While the chairman's two warnings were centrally unchanged, thay were not identical. On the first occasion, be pointed out that an excessive fiscal and current account deficit must leave the dollar dangerously exposed to foreign sentiment. On the second he talked more of the Fed's domestic dilemma. With the deficit as large as ever, and economic activity strong, there is a high risk of renewed and accelerating inflation. The Fed must resist the monetisation of the deficit; but as be pointed out in one of the less headlined passages in bis speech, this carries its own dangers. A sharp rise in interest rates would push the world back into a second and potentially more serious crisis of international debt.

As recently as two months ego, it seemed reasonèble to bope for a rather easy resolution of the debt problem, which has for some time seemed something less than e full-blown crisis. The early figures for the fourth quarter of 1983 suggested that the U.S. economy was slowing down to a gentler pace of growth, which would prevent credit demand and the foreign deficit growing out of hand.

Mr Volcker's first warning, and the subsequent decline in the dollar, seemed to promise further relief. A weaker dollar, while it may have distrubing domestic implications for the U.S. inflation rate, is on balance good news for the rest of the world, promising a tower real debt burden and probably improved terms of trade for debtor countries. However, these benefits crucially depend on what happens to Interest rates. The best informed guesses suggest that it takes a 10 per cent fall in the weighted average in the dollar to compensate borrowers for the burden of a 1 per cent rise in short-term interest rates. That trade-off now looks potentially unfavoureble.

The continued strength of the U.S. domestic economy—the fourth-quarter figures reflected a mixture of bad weather and bad statistics—explains why Mr Volcker is now calling so urgently for fiscal relief "here and now." A fiscally-induced slowdown would be consistent with stable or falling interest rates. A purely monetary squeeze would risk a potentially disastrous peak.

Credibility

Since there seems no realistic cbance of fiscal action before 1985, the current year looks e dangerous one, unless the new optimism of the U.S. Budget Director, Mr David Stockman, proves well founded. Mr Volcker's central concern for the moment must be to preserve the greatest possible credibility for the Fed. The more its determination is believed, the tower the peak of interest rates required to achieve a purely monetary turnround. At the same time, he cannot really escape from the dilemme he has faced ever since be first peered into the debt abyss 18 months ago: be must try to control inflation without putting the whole banking system at risk.

His greatest hope, paradoxically, lies in continued weakness in the dollar, because this reduces the real debt burden, it allows the Fed a little elbowroom to tighten credit domestically without undue international risk. That no doubt is one reason why he chose to talk the dollar down. All the same, it is a horribly narrow path he has to tread.

Mr Scargill and the market

THE British mineworkers are accustomed to being treated as e special case. Their wages and conditions are generally better, their pensions higher, their severance payments more generous, than those of any other manual workers. Their uniquely demanding work inspires public respect. Their political and social culture has been vital and enduring.

This has bred a union attitude which at its best is proudly distinct from the rest of the labour movement and at its worst is arrogantly dismissive of tha cost to the public of maintaining mineworkers in the style to which they heve become eccustomed and in the numbers they wish to maintain. Mr Arthur Scargill, the National Union of Mineworkers' president, tends towards the second of these positions, and he has encoureged his union activists and members to follow him in his belief.

How far should Mr Ian MacGregor, the National Coal Board chairman, accommodate the special claims of the mineworkers?

The question is particularly pertinent on the day following the decision hy the NUM executive to encourage "domino" area strikes across the country from next Monday: and the fortuitously coincidental announcement hy the Government that young and middleaged mineworkers could receive a £1,000 windfall for every year of service if they volunteer for redundancy after April 1 this year.

Incentives

No coal board chairman can enswer it simply: he must balance the financial, industrial and social facets of his job perbaps more carefully than the head of any other nationalised industry.

On the financial side, the incentives for old and young miners to leave the industry are now at least as attractive as they need to be, perhaps more. Stories told by NCB executives of miners clamouring for redundancy payments suggest, on strict market criteria, that the board has possibly over-egged the terms: the £1,000 per man could mean that a 49-year-old miner with a life's employment in the pit behind would be rewarded with £33,000—a bandshake tess golden than some failed executives, but good money nevertheless.

The Government has consistently protected the UK coal industry by keeping out imported coal, which can sell at prices almost half those charged by the NCB. It has assisted the NCB to persuade customers to convert their heating plants to coal, and it supports research and development strongly. Last night, it agreed to pump nearly £290m extra into the industry for the financial year just ending: the NCB now costs the taxpayer well over £1bn a year.

The industry's costs must be brought under control, and tt must be put in shape to be as independent as possible from public aid. Mr MacGregor's reminders to Mr Scargill that the board is, in his words, a "financial institution." are salutary.

Further, be must obey his own admonitions thet the market ultimately decides the size of the industry. He gave a hostage to fortune when be said, earlier this week, that the industry would reach a stable production floor of 100m tonnes. The lesson from the British Steel Corporation has been that such floors can turn into ceilings very quickly, and are better not constructed in the first place.

Tightrope

It is too early, however, to censure Mr MacGregor for tardiness in this. Though costs have escalated sharply under his chairmanship, much of that is due to the extra costs of taking out more pits than be expected in the current year. The fact that be has done so, with no more than minor and local industrial action, shows that be can walk the tightrope between haste and stagnation.

Mineworkers do merit generous treatment from the industry they have served: enough of them still lose their lives, or have it shortened, in pursuit of supplying the nation with power to have real claims on the public purse. A bumane approacb to pit closures, which can bave a devastating effect on local communities, is essential.

But the objective of independent viability, sooner rather than later, must be kept firmly in view. Mr Scargill's forthcoming attempt to knock the NCB and the Government off that course in the next few weeks may—if he has his wey—do a great deal of damage, most of all to his industry and bis members' livelihood. Real job security depends on a profitable industry.

BRITAIN'S OFFSHORE CONSTRUCTION INDUSTRY

The next test is the big one

By Ian Hargreaves

OUT in the Cromarty Firth in eastern Scotland, the grey, altar-like floating oil rigs loiter, oot of scale with the lendscape. They are waiting, either for repair or, come the spring, a contract; "stacked" in the industry's jargon, with rental rates still at rock bottom.

Sixty miles away on the west coast, alongside Loch Kishorn, Allan Carnaby, yard manager of the Howard Doris febrication yard surveys a nearly complete British Gas rig in the knowledge that soon be will be laying off even more of his Highland workforce. But be is still investing, in site clearance, in new mooring facilities. "When it breaks, we want to be ready," be says.

That the North Sea market for oil exploration and prodoction equipment will soon break into e new, second boom is not in doubt. Tha question is whether the fabrication industry, currently caught in a swirl of change highlighted by the Trafalgar House/Howard Doris takeover of Scott Lithgow, is ready with the right response, not only to this second wave but also in vital foreign markets.

The rush of projects announced since last year's tax incentives—seven developments epproved in 1983, compared with three in the two years previously — guarantees that suppliers wbo can sit out a lean 1984 should reap their reward.

"We will have a good market in 1985," says Remy Lepoittevin, manager of the also near-empty French-owned UIE yard on the Clyde.

Within the oil industry itself, there is much excited talk ebout the impending boom, which Shell believes will bring development of 60 to 90 small fields et a cost of between £50bn and £60bn—twice the cost of exploiting the first decade of North Sea oil.

As for Scott Lithgow, there are two points of significance. One is that the yard will now have a second chance, this time in the private sector, to establish the first solid British presence in the burgeoning market for floeting oil rigs.

The second is the clue it gives to Trafalgar's strategy to boist itself into the international big leegue of all-purpose offshore contractors, capable of doing everything from design, building, project management, commissioning and book-up of offshore structures and competing on equal terms with the likes of McDermott, Brown and Root and Bechtel of the U.S.

"If we are not doing that in another five years' time we will have failed," says Mr John Fletcher, head of Trafalgar's fabrication business.

Trafalgar already has, through its Redpath-Cleveland subsidiary on Teesside, a major manufacturing centre for the modules or sub-units that go on top of rigs, and has also been trying to exercise tts option to huy British Steel's controlling interest in RGC, the Methil, Fife, rig yard which after a decede of industrial relations trauma and ownership switches, is making handsome profits — £3.8m on sales of £32.8m last year.

"We'll do better than that this year," says Sid Fudge, the lifelong BSC man who now runs RGC with an entrepreneurial zeal much admired in the industry.

But for all the excitemant, thare is also both within the industry and from Governmeot a steady note of warning. From industry, the main message, voiced recently hy Dr John Jennings, bead of Shell UK's exploration and production activities, is that the price of offshore equipment bas to come down. He thinks a 15 per cent cut is attainable.

This is necessary because, as the oilfields get smaller and more difficult to exploit, the cost of landing a barrel of oil has risen to an average of aboot $17 for current projects, against $12 for pre-1982 projects. With the world price of oil static at around $30 e barrel, and with some possibility of a fall later this spring, the margin for error is vanishing.

The Government's worry is more complex and of a different order. That is whether British industry is making the most of the North Sea, both in terms of its market share of current husiness and as a base to construct a sector capable of economic growth and export earnings when British oil runs out. Are we in the middle of a North Sea bubble or a North Sea bunker from which British engineering companies can launch a counter-attack on the world?

Figures on UK performance can be read either way. Brightsiders point to the fact (see table that the UK share of North Sea offshore supply contracts has risen during the 1970s from under 40 per cent to over 70 per cent.

Pessimists note that of the 70 per cent UK victories, as many as 60 per cent are won hy foreign firms flying the Union Jack over their UK subsidiaries. By that count, the UK is really only winning 30 per cent of the market and that, the pessimists add, is mainly at the heavy, steel-bashing end rather than in the elusive world of high technology equipment. Moreover, they add, look at the UK's share in exploration contracts—mainly drilling—which has been static througbout the first decade. And because British entrants mistimed their entry to other markets, the UK still lacks capability in important sectors like pipelaying and beavy-lift floating cranes.

Perhaps most vital of all, however, is the British deficieocy in large-scale project management. Although companies lika John Brown and Matthew Hall have made considerable strides in recent years they, like Trafalgar, which has not won a major North Sea project management contract for about five years, lag some way behind the Americans.

As a Nedo report noted gloomily late last year, project management is vital in the presentation of turnkey—or all-in—bids which, especially in export markets, are often the name of the game.

"It is a matter of debate about the right timing for the industry to move to greater export awareness," says Alick Buchanan-Smith, the Energy Minister, "but I believe the point is now here when we have to act... We are at a watershed."

The core of the Government's strategy has been to promote the Offshore Supplies Office as its agent for agreeing with oil companies the British content of their projects—normally over 70 per cent.

In the end, though, says Mr Buchanan-Smith, it is up to the companies themselves to capitalise upon the opportunities.

That truism generates a certain amount of anxiety if you look back at the dismal record of British Shipbuilders in the past five years in the offshore market, et the sudden twists and turns of strategy and fortune which have given the old John Brown yard on Clydeside four different owners in the past 15 years. There has also been the ill-starred venture into concrete platform building, itself a misplaced piece of Government-backed dirigisme, now defunct with the exception of Howard Doris's idle capacity at Loch Kishorn. British industry, says Dr Jennings, the politest of critics, has not even been able to supply enough plastic hard hats to the oilmen.

At the big fabrication yards themselves, the picture is mixed. They are all, with the exception of Highlands Fabricators (jointly owned by Brown and Root and Wimpey) profitable, but Hi-Fab's recent experience tells a cautionary tale.

It is a year late on a tension-leg platform for Conoco, having had major weld quality problems, although it is difficult from the outside to apportion blame or assess rival claims.

What is evident, however, is that Hi-Fab's industrial relations record—102 whole days lost since 1977—is probably the worst of the major yards and the statement of terms of employment management put to workers during last summer's strike goes a good deal of the way to explaining why. The 24-point plan addressed expensive niggles like the time taken by men to clock in and the cost of free buses—put by Hi-Fab at £1m a year.

But probably the most significant point was management's need to stop the "one in all in" overtime principle, which had crept in either from the shipyard or civil contracting tradition against the terms of the written working agreement and which, in a business with such uneven workloads as rig-building, is financially ruinous.

Hi-Fab lost over £10m in 1982 and made e second, as yet undisclosed, loss last year. Top management has been strengthened and computerised quality control stepped up.

"Perhaps each yard will have to go through some kind of catharsis to sort itself out," says John D'Ancona, director of OSO and the man chiefly responsible for making sure UK yards can keep pace with oil industry demand.

But the signs are by no means all bad. UIE, like RGC, impresses the visitor with a tight, computerised project management approach. It has a core workforce of only 550, but is able to increase this within days to 2,000, using subcontractors or travelling agency labour common in the oil industry ("fleshpeddlars" the unions call them) — all with union agreement, which would be unheard of in shipyards.

Remy Lepoittevin reckons that conditions at Clydebank are now approaching those at UIE's main Cherbourg yard. "It takes time to change mentalities," he says. "Comparing shipbuilding with rig-work is like comparing painting a ceiling with painting a Van Gogh."

These types of changes have certainly enabled the yards to bone down costs, although if it becomes a seller's market, they will no doubt put up their prices again. Their actual costs per man-hour, including overheads, range between a low of £10 to £12 an hour at British Shipbuilders yards to around £20 an hour at the most expensive and isolated fabricators, believed to be Howard Doris, followed by Hi-Fab, where most use is made of travelling labour.

"If the shipbuilders really got got their efficiency up, nobody would be able to compete with them," says Trafalgar's John Fletcher.

There is no doubt that a lot has been learned, as it was bound to be in an industry where people at all levels move from firm to firm and where contractors move in and out of each other's sites as part of the daily round. It was a Howard Doris man who grew up with Allan Carnaby in a Dutch offshore firm who went in to try to sort out Scott Lithgow's Britoil rig problems last year. RGC has a major working agreement with UIE. McDermott owns a yard and consults in other yards. Only Bechtel has kept itself free of manufacturing, although even it seemed to have been briefly tempted during the Scott Lithgow episode.

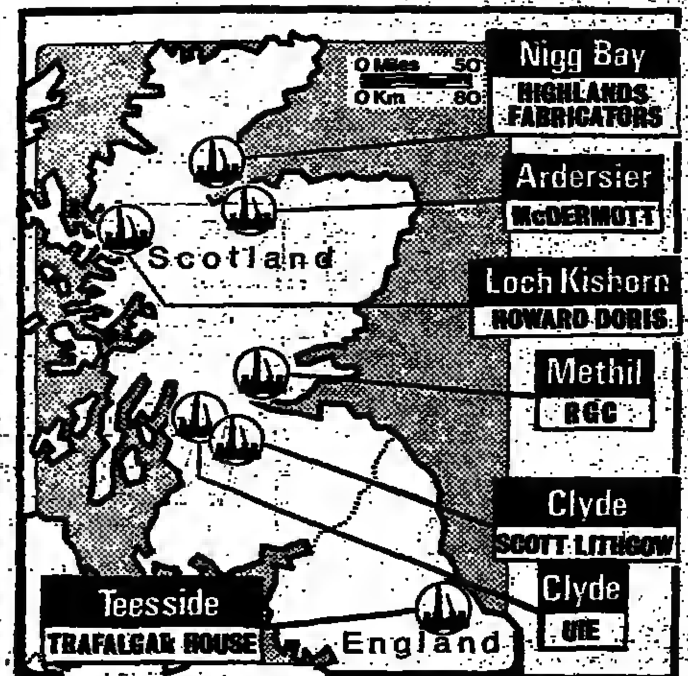
Dr Jennings concedes that quality and reliability are generally much improved and Mr D'Ancona, an industry advocate, but not a complacent one says: "ten years ago we were begging operators to use British supplies. Now we have a competent claim to proper consideration."

But the next test is the big one. Can British expertise and, to a degree, British hardware be sold in non-UK waters, where spending is 15 times as large as that in the North Sea?

The answer matters more than a little, since between 1975 and 1981 the North Sea accounted for 42 per cent of fixed investment in UK manufacturing and 8 per cent of all fixed investment. It also provides 100,000 jobs.

"If all of this goes," says a Hi-Fab man, "it will make tha Highland clearances look like nothing."

The steel "jacket" for BP's Magnus field being floated out from Highlands Fabricators' yard



HOW UK SUPPLIERS HAVE FARED

	Total offshore contracts		Exploration contracts	
	Value of all orders placed (£m)*	% going to UK companies	Value of all orders placed (£m)*	% going to UK companies
1974	1,279	40	180	33
1975	1,185	52	208	39
1976	1,041	57	149	36
1977	1,295	62	75	33
1978	1,574	66	83	27
1979	2,679	79	77	40
1980	2,380	71	254	34
1981	2,911	67	552	32
1982	2,264	73	248	37

* Current prices.

Source: Dept of Energy/Sussex University Science Policy Research Unit

Men and Matters

Smart moves back home

Sir Jack Smart, wbo announced bis resignation as chairman of the Association of Metropolitan Authorities yesterday, is going to devote his tima in future to the leadership of Wakefield Metropolitan District Council.

Aged 63, Smart is very much in the traditional mould of Labour's city hall politicians—moderate in views and conservative in dress, unlike the new wave denim-clsd brigade.

From his Castleford home, the former miners' union regional organiser sald yesterday: "I would like to think I have had some success as chairman of the AMA but tt has been et the expense of my home life—my wife has sacrificed a lot since I went into local government in 1949—and my own anthority in Wakefield."

Smart told the AMA last summer that be planned to resign this year. One of the main reasons is believed to be his concern about the political clonds gathering over his home authority.

The moderate Labour group on Wakefield council has cut services and, as a result, is now at toggerbeeds with the district Labour Party.

Smart's loyal depoty leader on the council, William O'Brien, became an MP last year—and Smart has missed his support.

Tbe worry for the AMA is that Smart's departure to fight his corner in Wakefield, may leave an opening for just the same sort of conflict over his succession.

If the Labour left captures the AMA chair, it would upset Conservatives and Liberals and lead to worse relations with the Government. The worst scenario suggests the AMA could even split into two politically-opposed associations.

"Well if they are the new bidders—they certainly don't splash money about"

Stable holding

There have been repested charges tbat Chancellor Nigel Lawson is being taken for a ride by companies using the Business Expansion Scheme (BES) for highly unusual purposes.

Now a bright new plan is announced to sire a suitable horse for him. The gist is that investors keen to shelter highly-taxed income ahead of the fioancial year-end, through the BES, are being invited to go into stud-farming.

Electra Risk Capital is to sponsor a new issue of shares for The Brook Stud Company on which investors are expected to get full tax relief.

Brook Stud, consisting of 200 acres outside Newmarket, is involved in the hreeding, selling and boarding of thoroughbred racehorses. Proceeds of the issue will be used principally to expand the stud by purchasing shares in stallions "of international appeal," and will supplement the stud's existing assets which include four "nominations" to take mares to Kalaglow, the stud's resident stallion.

Ownership of stallions is commonly syndicated into 40 shares, each share giving the entitlement to send one mare each year.

Students of the turf can also wangle themselves a day out by taking up this investment. The company's annual general meeting will probably be beld down at the stud farm.

Auto suggestions

Some noisy collisions between motoring buffs are to be expected this year.

The wily French have started down whst looks like being an accident-prone circuit. The French motor manufscturers have a plan to bolster national pride — and obtain some welcome international publicity for their marques — by proclaiming a Frenchman, Edouard Delamarre-Déboutteville, the true inventor of the motor car just 100 years ago.

The French will be telling ns how this citizen of Rouen took to the road with a petrol-driven automobile in May 1883, and had his patent registered in 1884.

While the Germans have not, so far beguo massing tanks on the Rhine to avenge what they see as a national insult they have started a paper war to defend the name of their mnch-revered Gottlieb Daimler.

They will be celebrating the 150th anniversary of his birth later this month — March 17 — and they assert thet be more than any other man, was responsible for the birth of the motor car through his development of lightweight, fast-running, internal combustion engines.

Dr Bernd Gottschalk of Daimler-Benz, makers of Mercedes cars, says historians agree that the first functional automobile ran in 1886 and it was a joint production by Daimler and Karl Benz — co-founders of Daimler-Benz.

Lord Montagu, who runs the nstionsl motor museum et Beaulieu has weighed in saying that the Frencb invention "staggered about 50-feet before collapsing and was never beard of again."

British sympathies are likely to lie with the Daimler elsim. After all the innovative spirit of the great man was fired by a visit to Britain dnring the industrial revolution in the 1860s, wben he was a student engineer in Leeds end Manchester.

No northerners

We all know about sex and race discrimination — but perhaps those who live north of Watford Gap had better apply to the Government for funds to fight their case, too.

Sainsbury's, one of Britain's largest retailers, has just announced in very bold type in an advertisement for trainee managers thet to be considered for tha job you MUST already live south of Coventry.

Relocation costs do not appear to be the cause of Sainsbury's aversion to jobless northerners as tt is offering some subsidised accommodation where appropriate.

A slightly flustered press officer for the company says that most of the vacancies are in the south and it is the company's experience that "A" level entrants prefer to start work from their home base.

What about those enterprising northerners who were willing to leave bome and find their own accommodation if they got a job? Sainsbury's bad no answer to that question. So mnch for "on your bike."

Alarm call

No smoke without fire at Midland Bank yesterday. Just as Sir Donald Barron, the chairman, was about to announce the bsnk's Crocker-blasted results, the alarm bells went off. False alarm, fortunately. Bot the big losses, alas, only too real.

Observer

POLITICS TODAY

Think tank, Thatcher style

By Malcolm Rutherford

AFTER THE banana skins of the last few months, this was the week of the steadying influence. There was Lord Whitelaw—still the Deputy Prime Minister, in case anyone had forgotten—saying that the *Government had always insisted* that it would need at least two Parliaments to carry through its reforms and that the second Parliament would build on the foundations laid by the first.

There was also the strange sight of the Tory benches cheering and the Labour benches relatively silent as Mr Tony Benn took his seat as the Member for Chesterfield. Tory morale has gone up in the last few days, even if the party's reputation in the country may still be going down. If it were a stock market, now might be the time to think about buying.

Of course, the big tests are yet to come, but some of them are not far away. There is the Budget next Tuesday, the European negotiations are close to a climax, and the Government will shortly have to decide how to respond to the report of the Forum for a *New Ireland*.

The test of the Budget will be how far Chancellor Lawson looks as if he is digging in for the long haul: the beginnings of tax reform with a fairly neutral effect on revenues. *This is not* one-day cricket. Mr Lawson has time to spare, if only he realises it.

Similarly on Ireland: provided that the Forum produces a coherent report, there should be opportunities for Anglo-Irish talks, such as have rarely existed in the past. Again, the Government has time in hand. But what it has to decide at the outset is whether it wishes to be bold and go for a solution rather than just a few improvements in security. Is it prepared to stand up to the most extreme Ulster Unionists? No final decision has yet been taken. Still, the Government ought to appreciate that it has quite a lot of power if it chooses to make the solution of the Irish problem a priority.

Europe is the most difficult. No *progress was made during* President Mitterrand's visit this week on the crucial question of the British contribution to the Community budget. The Government's position is that it is ready to compromise in all sorts of other ways: for example, by agreeing to an increase in the Community's own resources and fully conforming with the common agricultural policy, if only there is a ceiling on spending. Yet the *quid pro quo* is that there must be a durable settlement which limits the amounts that Britain is obliged to pay.

The odds now must be on a bust-up with unpredictable consequences. Europe, indeed, is the subject which could dominate the next few months. Mrs Thatcher could be very rough to her European partners, while becoming more popular at home. The question to be considered is whether that would be wise in the long term.

The odds must be on a bust-up over Europe

* * *

One of the characteristics of the Prime Minister's approach to government has become *increasingly clear* in the past few months. It is that if you get the short-term answers right, the long term will look after itself. That seems to me to be debatable, and candid friends—like Lord Whitelaw—see it as a lack of capacity for strategic thought.

The thesis becomes a bit more plausible, however, if you put it another way round. If you get the short-term answers wrong, the long term becomes more difficult than ever.

That helps to explain what has been happening to the reform of the machinery of government. Mrs Thatcher abolished the think tank soon after she was re-elected. The *word now is that the reform is* complete.

There will be no direct successor to the think tank, nor *replacement. Instead, the Prime* Minister's policy unit has been expanded. When Mr David Willatts joins it on secondment from the Treasury in the next week or so, it will have reached what Mr John Redwood, its head, regards as the optimum size of nine members.

The functions of the policy unit — located inside No 10 Downing Street — bear some relation to what Sir Robin Ibbs, on secondment from ICI, wanted to do when he was head of the think tank. It includes a mixture of generations and disciplines, of businessmen, industrialists, civil servants, academics and even former journalists.

Mrs Thatcher welcomes President Francois Mitterrand for three hours of talks on the Common Market at Chequers last Monday

It does not touch foreign policy. That is left to Sir Percy Cradock, the former diplomat who liaises between Mrs Thatcher and the Foreign *Office. Nor does it touch* security matters. But for the rest it has a pretty free run. Each member shadows two departments of government and can advise them, meanwhile reporting back to the Prime Minister.

Yet there are also some important differences from the think tank as envisaged by Sir Robin, and even more from the original concept established by Mr Edward Heath.

For a start, it is very much the servant of Mrs Thatcher. Sir Robin thought that the ideal size of the think tank was about 30 and that it should be at the service of any department which wanted it. It should play both the fireman's role of dealing with short-term problems, while also looking ahead.

The present policy unit provides papers for the Prime Minister before meetings of Cabinet committees. It has a political role in seeking to warn in advance of any subject that might be especially sensitive or have a commercial interest. It is meant to keep an eye on what was promised in *the party manifesto* and what *is* not being carried out. And it has some input into policy reviews under the normal machinery of government.

One is told that the reason why the unit has so far achieved less than meets the eye is that it is *relatively new*. Some of its projects are still in the pipeline, and for that it should be perhaps given the benefit of the doubt, at least for a few more months.

But it remains that something important has been sacrificed. The original idea behind the think tank was that it should give independent advice to the Government as a whole—not only to the Prime Minister—and also that it should be seen to be doing so.

All that has gone. There is no suggestion that any work by the policy unit will be published. Indeed, neither its membership nor its terms of reference seem to have been officially released. It is said that some redress will be made in the publication of the green paper on public expenditure trends along with the Budget next week, the policy unit having done a great deal of work on it. We shall see. What would be most interesting would be the publication of the background documents.

Mrs Thatcher does not seem to have taken on board, in her *second term*, that there is an increasing demand for greater access to official information, as instanced by the support for Mr David Steel's Bill in the House of Commons on Tuesday. It would be better to bow to it than to take refuge in secrecy.

* * *

The key to the present Parliament lies in the 100 or so new Tory members. I was wrong *when I reported a few weeks* ago that, unlike the 1979 intake, they had eschewed forming themselves into groups. They have been doing it with some discretion and only the participants knew.

One set which has yet to be given a name, held its first dining meeting as early as November 9. It is organised by Mr Robert Hayward, the Member for Kingswood, and Mr Colin Moynihan, the Member for Lewisham East. All that they had in common was that they shared an office and perhaps an interest in sport. Mr Hayward is a rugby referee and Mr Moynihan won a world medal in rowing and is a director of the British Boxing Board of Control.

Another set, linked to Mr Tony Baldry, the Member for Banbury, is known as the Number 5 group and is also planning regular meetings. At least three members seem to belong to both: Mr Michael Hirst (Strathkelvin and Bearsden), Mr Gerry Malone (Aberdeen South) and Mr George Walden (Buckingham).

There is nothing *sinister* about this. They do not appear to have any common philosophy beyond belonging to the Conservative Party. They come from different backgrounds and from different regions. What they are doing is feeling their way and getting to know each other as new Members. They have deliberately done it without ostentation: Mr Hayward only recently told the Whips' *Office* of his activities and indeed last week was approached to join the Baldry group, some of whose members seemed not to know of the other's existence.

So far, the unit has achieved less than meets the eye

It will take some time before the general inclinations of the new Members becomes clear. But over the lifetime of the Parliament it is a factor to watch.

* * *

One of the surprises of the week was to discover a new name in the stakes for the eventual Tory succession — Mr Tom King, the Employment Secretary. The two front-line candidates, Mr Norman Tebbit, the Secretary of State for Trade and Industry, and Mr Michael Heseltine, the Defence Secretary, have too many critics.

Mr King has alienated hardly anyone and could come up through the middle. He appears now to be an acceptable compromise candidate to both the left and the right of the party. But, of course, the time is not yet. The assumption remains that Mrs Thatcher is going on until after the next general election.

Lombard

The dangers of Boone Pickens

BY WILLIAM HALL IN NEW YORK

FOR Sid Bass or T. Boone Pickens, the world must seem a pretty good place to be at the moment. If this week's deals go through, the two of them will have made a profit of more than $1bn for themselves, their family and friends through some pretty shrewd share deals which even John D. Rockefeller would have admired.

Mr Pickens' six-month-long pursuit of Gulf has led to a more than doubling of its share price and prompted Socal's $13.2bn bid. Texaco's management has become so alarmed about what Mr Bass and his brothers were up to that it has committed the company to buying back their shares at a premium of around a quarter to the current price just to get rid of them.

Wall Street's initial scepticism about the Texans was soon replaced by a certain admiration. Now they are treated with nothing less than awe. If you listen to the boys on Wall Street, even the chairman of Exxon must be more than a little worried about where these two cattle ranchers are going to pounce next.

Mr Bass never answers the phone when the press calls and makes no effort to justify what he and his brothers are up to. Mr Pickens has taken on the mantle of a champion of shareholder rights and dares anyone to suggest that what he is doing is not in America's best interests.

As Mr Pickens sees it, the management of the major oil companies are "more concerned with job security, perks and *power than with shareholders'* interests." His mission is to allocate shareholders' capital in the oil industry more efficiently and if this means saying goodbye to Gulf, Mobil and other household names, so be it. He is not sentimental.

While the American Petroleum Institute, which represents the big companies in the U.S. oil industry, would not want to see its name linked with Mr Pickens', it is anxious to dispel any associated fears that the $30bn or so which has been spent on mergers and share deals in the U.S. oil industry over the past few weeks will reduce the amount of money available for oil exploration.

The institute's line is that mergers and acquisitions change ownership of existing oil and gas resources but they reduce neither exploration *nor* the amount of money available for investment in exploration projects. The level of oil and gas exploration is *determined* principally by anticipated prices, costs and taxes. It will be interesting to see whether Getty and Texaco or Gulf and Socal spend as much together on exploring for oil as they would have done individually.

No doubt there is plenty of room for saving money in the new entities without lessening their contribution to America's urgent need to discover more oil. Nevertheless, there is a feeling abroad that the reduction in the number of major players in the game will make it more difficult over time to finance some of the mega-projects, such as the $40bn Alaska gas pipeline.

American oil companies need to find the equivalent of the giant Prudhoe Bay oil field in Alaska every three years if they are to do no more than merely replace the oil being pumped out of the ground. For the past decade, proven U.S. oil reserves have been steadily declining and over the past five years alone the production life of the U.S. reserve base has dropped from 11.1 years to 9.4 years.

According to Mr Pickens, the U.S. will have no difficulty getting oil companies to look for oil, provided the financial returns are right. Others are less convinced. The major discoveries in recent years have generally been made by major oil companies which have had the balance sheet strength to keep them going in between major discoveries. However much people may distrust the big oil companies, they remain the only realistic vehicles for looking for and financing major oil discoveries in the years ahead. If they are forced to dismember themselves or gobble each other up under the watchful eye of Sid Bass and Boone Pickens, America will wake up shortly and find itself far more reliant on foreign oil than it had bargained for.

Letters to the Editor

A hidden tax on water

From the Chairman, Water Authorities Association

Sir,—Mr Guy (March 5) is perfectly correct in drawing attention to the fact that the financial regime within which the water authorities have to operate can mean that charges rise to a greater extent than increases in operating *costs* require. This phenomenon is not unique to the water industry — it is a feature of the nationalised industry regime within which we work.

The *problem about such* a regime is that it can all too easily lose sight of its declared objectives and become simply a mechanism for the raising of revenue by the Government — Mr Guy is quite right to highlight how undesirable a hidden tax on water services would be, and my colleagues and I would certainly oppose development of this kind very forcibly.

Mr L. Hill.
1, Queen Anne's Gate, SW1.

Beaten dogs

From Mr D. Kidd

Sir,—May I say I entirely agree with Mr Napier's unqualified condemnation (March 3) of the opinion of the House of Lords given in the case of Furniss v Dawson.

Many people may think the decision is too technical for them to form any opinion about it. In fact the technical content is fairly thin—that is one of the problems about it—but the important point, accessible to all, is this: that even if on the merits the decision was well-reasoned, it could not be relied on as a guide to arranging one's affairs to mitigate tax. Lord Scarman said "the law in this area is in an early stage of development" and the House would not "attempt anything so ambitious as to *determine* finally" the line between acceptable and unacceptable tax planning.

This means the House of Lords has openly adopted in relation to tax avoidance what Jeremy Bentham, the 18th century law reformer, referred to as "dog's law": "When your dog does something you want to break him of, you wait till he does it and then beat him. This is the way you make laws for your dog: this is the way the judges make law for you and me."

David J. Kidd.
48, Park Avenue, N22.

From Mr C. Ross

Sir, — Michael Stannard's letter (March 5) deplored the implications of the House of Lords judgment in Furniss v *Dawson*. Of course, I am in *full* agreement with him as to the extent of the damage, but perhaps anger should be set aside *in order* that questions as to the future can be posed as objectively as possible.

Tax avoidance is an issue plagued by double standards. We may, however, be forgiven for expecting the House of Lords to resist the temptation to construe statutes with "humpty-dumpty" logic. To look to the future, what will be the next step; and, if different, what should be the next step?

In all likelihood the passage of time will diminish the newsworthiness of this radical departure from the rule of law and *after* the customary number of articles and letters like this one, no further public debate will take place. Unlike tax law *today*, it is certain that Parliament will do absolutely nothing to restore the balance of justice in tax matters. There is a possibility that some attempt to distinguish the case will be made in the lower courts as the judges at first instance are liable to suffer considerable intellectual embarrassment in attempting to treat sensibly of the issue. So much for cynicism.

As some commentators have pointed out, an "abuse of law" doctrine is a civil law concept. As we have moved to the American system in one leap, it is not surprising that we have the worst of both worlds. The American system is workable *only by virtue of* a clearance or advance ruling procedure which enables businessmen to determine accurately in advance how transactions will be treated for tax purposes. If a Government fails to take such a possibility seriously, businessmen may have to come to terms with their professional advisers disclaiming liability with regard to the possible application of the Dawson/Ramsay doctrine.

Christopher J. Ross.
25, Hanover Square, W1.

Commission charges

From Mr D. Burgoyne

Sir, — Following publication of my letter on the subject of negotiated commission charges (February 18) I have had an *encouraging response from* various interested parties, including the chairman of the Stock Exchange, all of whom were in agreement with me. What I have failed to elicit, however, is who directly represented private investors in the discussions which took place.

It is fair to say that Sir Nicholas Goodison did warn the Government, when he discussed matters with it last July, "that one result of negotiated rates may well be an increase in the costs borne by smaller investors." He told me that "the essence of negotiation is that free market forces take over from Stock Exchange regulation," and he hoped that there will still be some brokers offering a cheap dealing service for those who want that and nothing else.

If, as expected, Mr Nigel Lawson includes in his Budget measures to promote wider share ownership — such as a reduction in, *or* complete abolition of, stamp duty on share purchases, this will help to mitigate the effect of increased commissions. As a former City editor he will surely remember the people who followed his advice for years?

Not all readers will be aware that the Wider Share Ownership Council has campaigned for years for a modification of commissions and stamp duty on transfers. It told me that it agrees with my contention that the decline in the number of private investors must be stopped.

David A. Burgoyne.
Tudor Lodge, Winston Gardens, Boston, Lincolnshire.

A latent to manufacture

From the Joint Managing Director, Business Development Consultants (International)

Sir,—Your report (March 5) that government funds to support advanced production processes and techniques have been snapped up much more quickly than planned points to a laudable drive to introduce advanced manufacturing systems in the UK. However, what fails to be reported is the severe lack of UK managers with the ability to take *full* advantage of the revolution currently taking place in the availability of manufacturing technology. There are similarities to the information systems revolution of the 1960s.

The *extent of* the *shortage* of manufacturing managers of the calibre now needed is indicated by a survey of British high technology companies by this consultancy. This showed that the respondent companies needed an average of two additional manufacturing managers immediately and a further five over the next five years. The leadership and vision to employ new methods were the two qualities considered to be most lacking in the managers they had. *Respondents to the survey* were typically chief executives of companies or divisions with turnovers of between £20m and *£50m per annum*.

With the rapid emergence in the 1960s of computers for information systems the hardware and techniques available were not matched by managers' ability to use them. So now there are not the manufacturing managers available to realise the potential of the hardware and techniques we now have for manufacturing. The *difference* is that in the 1960s the excitement of the dawn of the computer era, however misjudged, attracted many of the more able people into the computer industry and the information systems profession. There is no evidence of a similar move of talent into manufacturing.

Government and industry should be more concerned with attracting able people into manufacturing and training *existing managers in* the new techniques than with increasing the number of robots installed.

Terence P. Hart Dyke.
63, Mansell Street, E.1.

Competitiveness is determined by the level of the exchange rate

From Mr A. Mitchell, MP

Sir,—The arguments put forward by Mr Samuel Brittan (February 23) and Sir Terence Beckett (February 28) should not blind readers to the fact that the Government is *entirely* responsible for the mess we are in.

The fact that the balance of payments must always balance does not mean that competitiveness is a zero sum game. Competitiveness is determined by the level of the exchange rate. In turn this is determined by the fiscal and monetary policies of Government. Thus competitiveness can be a zero sum game only if every government is equally committed to full employment at a high and sustainable rate of growth. This is *not* and never has been the case.

Messrs Brittan and Beckett in effect deny the law of comparative costs in international trade. According to this each country sells those things which it produces best, even though they may be produced more efficiently in other countries. The role of the exchange rate is to enable each to sell such goods competitively, so preventing a shift of economic activity from the less to the more efficient countries.

It follows that wages generally cannot be too high or productivity generally too low if the exchange rate is correctly positioned. The critics confuse cause and effect, perhaps to conceal the fact that this Government have deliberately priced people out of their jobs for doctrinaire reasons which have no validity in the real world.

Sir Terence Beckett rightly condemns Mr Brittan's reckless use of figures. Yet his own are inadequate. Much of the damage was done before 1953 and goods once priced out of the market do not show up in the index of relative export prices: a fatal flaw since our share in the volume of world trade fell from 25 per cent in 1950 to about 7 per cent today. Despite this our export prices rose faster than those of our competitors in nearly every year, and our export costs even faster so the loss of competitiveness must be far greater than the 20 per cent quoted by Sir Terence.

Germans, Japanese and others succeeded where we failed because they put the interests of the real economy before those of the financiers. Undervalued currencies allowed them to enter the virtuous circle of declining unit costs and increasing competitiveness. We have chosen the opposite path and it leads to self-destruction.

The Bretton Woods system collapsed because it too put the interests of the money economy before those of the real economy. The bankers insisted that the debtor nations alone should be called to account for any imbalance of trade and the result has been competitive deflation.

The remedy is in our own hands. We can reverse the ratchet of tight money, high interest rates and a high exchange rate at the drop of a hat. The Government did just this in 1982-83 when in effect it adopted Peter Shore's proposals to secure its re-election by seizing the benefits of a slip in the pound as if they were the fruits of its own policies. It has since back-pedalled because it does not want unemployment to fall significantly.

Austin Mitchell.
House of Commons, SW1.

FINANCIAL TIMES

Friday March 9 1984

Murdoch loses a round in Warner battle

By Terry Dodsworth in New York

MR RUPERT MURDOCH, head of the Australian-based publishing empire News Corporation, has lost another round in his battle for control of Warner Communications, the struggling U.S. eotertainment and communications group.

The Federal Communications Commission (FCC) said io a ruling published yesterday that it would not block the Stock Exchange agreement between Warner and Chris-Craft, another leisure-based company.

This transaction had been opposed by Mr Murdoch partly because it made any move by him on Warner more difficult, due to the strict U.S. regulations on joint ownership of newspapers and television stations.

At the same time, he charged that bringing together Warner and Chris-Craft would contravene the rules on joint ownership of television broadcasting stations and cable television networks.

Chris-Craft is a major owner of TV stations in the west, while Warner has one of the leading cable operations in the country through its 50 per cent ownership of Warner-Amex.

In its judgment, the FCC demanded that Warner dispose of 10 cable businesses which conflict with Christ-Craft operations on the west coast. Bul Warner said yesterday that these were "very small business" which it had expected it might have to divest.

Mr Murdocb still seems determined to press ahead with his assault oo Warner, whlcb contains some attractive assets, such as a film studio and library. But both the Federal Trade Commission and the FCC bave now approved the Chris-Craft agreement, and be has also lost a court case brougbt against the two companies on the grounds that the share exchange was against the public interest.

A further Warner counter-suit is still moving through the courts in Delaware and may take some time to reacb a conclusion. Io depositions lodged with the court, the Murdocb interests bave made a savage attack on Warner's management, and have charged the company with racketeering under the fraud statutes.

At the last reported filings, Mr Murdoch's News Corporation had an interest of around 7 per cent lo Warner's voting shares, which included a substantial block of preferred stock. Chris-Craft had 23 per cent, whlch it has said it mey raise to 25 per cent through acqulsitions in the open market.

Hot shots turn cold shoulder to Mitsubishi

Continued from Page 1

by the city with an eye on attracting money from the U.S. money market funds. The Jepanese bank will only put up the money if the city for some reason fails to repay its debt.

Consequently, it cbarges a fee for its services which is understood to be about 0.3 per cent of the value of the offering, althougb the sums of money involved are small – Mitsubishi stands to earn $1.3m – bankers in Chicago and other U.S. cities are worried by Mitsubishi's aggressive efforts to become a major force in the lucrative municipal lending market.

It first became active 18 months ago when it guaranteed a $500m borrowing for Michigan. It has since carried out similar operations for close to a dozen other states and municipalities. Chicagn is the first major U.S. city to hire the Japanese bank.

Crain's Chicago Business, a local business magazine, said in a recent editorial that the deal "smacks of predatory pricing – setting prices low enough to drive competitors out of the market."

Nigeria accuses foreign groups of paying bribes

BY QUENTIN PEEL, AFRICA EDITOR, IN LAGOS

NIGERIA'S new military Government yesterday accused the Nigerian subsidiary of a leading foreign contractor of paying bribes totalling more then N23m ($31m) to members of the National Party of Nigeria, the country's former ruling party.

The new Government also named several leading Nigerian businessmen as having won large contracts throughs political patronage under the past government of former President Shehu Shagari.

The naming of names, while a clear suggestion that the new regime is stepping up its publicly-declared campaign against corruption, is nevertheless a calculated risk, since virtually all the major contractors in Nigeria have been forced to give hribes to win contracts both under the last government and previous military regimes.

Brigadier Tunde Indiagbon, chief of staff at supreme headquarters and number two in the new regime, made his allegations at a formal press briefing.

Contacted yesterday in Europe, the parent company, which was aware of the accusations, declined to comment on them.

Brig Idiagbon also announced that 475 people are currently in detention for investigation into acts of corruption and "economic sabotage." The largest number, 114, are being held at Kirikiri jail in Lagos, and they include both businessmen and politicians, many ministers and state governors.

Brig Idiagbon also set out the latest government position on negotiations with trade creditors for the rescheduling of trade arrears on payments totalling up to $6bn, an with the International Monetary Fund (IMF) for a standby loan of up to $3bn.

He said that many major companies doing business with Nigeria, whicb between them are owed more than $2bn, had agreed in principle to the refinancing terms being proposed. However, he named the British companies Unilever and Blue Circle, as well as "a few other British-based firms," as holding out for a better deal.

His statement appeared to be part of a continuing Nigerian effort to insist that the terms of the deal cannot be altered. However, trading companies and manufacturers here believe that only a handful of companies have formally agreed. The current terms are for repayment to be made by promissory notes over six years, and no interest is being offered on the backlog up to the date of any rescheduling.

Pressure for higher Opec quota, Page 3

Dollar bounces back as U.S. recovery strength shows

BY PHILIP STEPHENS IN LONDON

THE DOLLAR staged a strong recovery yesterday as the prospect of tighter credit and higher U.S. interest rates triggered a reaction to its heavy losses in recent weeks.

Sterling, which has been declining steadily against European currencies, fell to an 11-month low as the dollar recovered some of its lost ground, putting at least a temporary questionmark over further falls in British interest rates.

The wave of dollar buying on foreign exchanges was sparked by new evidence that the U.S. economy is still growing strongly, and by the Federal Reserve Board's apparent determination to keep a firm grip on the money supply to counter inflationary pressures.

The Bank of England calculated that the dollar's trade-weighted index rose to 125.4 at the London close from 124.6 on Wednesday. The U.S. currency gained over 3 pfg against the D-Mark to end at DM 2.5870.

The reversal may have been encouraged by intervention by several central banks, who apparently bought dollars when the U.S. currency touched lows close to DM 2.50 earlier in the week.

The Bank of Japan, the West German *Bundesbank*, the Bank of England and possibly the U.S. Federal Reserve acted to stop the U.S. currency falling too rapidly, according to foreign exchange dealers.

The dealers are uncertain, however, whether the dollar's recovery marks anythiog more than a temporary reaction to the speed of its recent decline.

Many expect the currency to resume its downward trend next week, but they said that a significant break through to DM 2.60 could shift sentiment back in favour of the dollar.

Sterling was also hit by cootinued uncertainty over the direction of UK interest rates, and its trade-weighted index closed in Londoo at 81.1, the lowest since April 1983. Against the dollar it fell nearly 2 cents to $1.4580.

The pound's present weakness, and the prospect that U.S. interest rates will rise is oow raising doubts in the UK over wbether other banks will follow Barclays' decision to cut base rates by ¼ percentage point.

Mr Geoffrey Taylor, chief executive of the Midland Bank group, said yesterday that the bank saw no reason at present to cut its rate and intimated that it would probably wait until after next Tuesday's budget before taking any decision.

Money markets, Page 39

IH and Renault to co-operate

Continued from Page 1

January. He said the group as a whole would be profitable this year after operating losses of $434m lo the year to October 31, 1983. The West German farm equipment operations were expected to be profitable this year and the UK operations to break even.

The signature of the letter of intent yesterday came as rather an anti-climax. There bad been rumours of possible mergers of the two companies' French and conceivably European tractor interests. There had been high expectations that for the first time since the crisis in the farm equipment business, two big manufacturers would finally get together and agree to a significant rationalisatioo in the farm machinery sector.

That might still come in the months ahead. But the net result of yesterday's accord was a cautious, tentative rapprochement between IH and Renault.

For Renault, the agreement with IH is the lesser of two evils. Originally, the French Government had sought to make Renault the centrepiece of a grand restructuring programme of the deeply troubled French farm equipment sector. The concept would bave seen Renault eventually take over the French facilities of IH and Massey Ferguson. Bnt Renault, and certainly its chairman, M Bernard Hanoo, has never regarded the farm equipment business as one of the group's core activities.

Mr Rutherford said the expected agreement with Zahnradfabrik Passau would entail IH's using ZP's technology in transmissions and the West German group's using IH's manufacturing facilities. He suggested the collaboration would also be open to Renault, which was being kept informed of the negotiations. IH and ZP signed a letter of intent just before Christmas.

While negotiating the details of its collaboration pact with Renault, IH will attempt to restructure its hattered financial position in France this summer with its French-based banks (led by Morgan Guaranty and Banque Nationale de Paris) and the French Government. That is separate from the Reneult discussions. Mr Rutherford said IH had "more debt than we can service" in France.

Yesterday's IH-Renault accord seems only a small step forward in a farm equipment market still expected to remain stagnant and depressed for several years. World tractor sales in 1976 were 840,000. They totalled 575,000 last year and the industry geoerally agrees they will average about 600,000 a year for the next few years.

Uoder the circumstances, some more far-reaching solutions will clearly be necessary than tentative, if worthy, letters of intent. None the less, after the troubles of the past few years and the tortuous negotiations during the past months in France, there was a party atmosphere in Paris yesterday.

Renault has been worried that enlarging the group's involvemeot in the farm sector would detract it from its two basic businesses: cars and trucks.

From the beginning, Renault has argued that it could not sustain the heavy costs of extending its presence in the tractor business without undermining the group's ambitious car and truck stretegies. In other words, Renault werned the French authorities, it could agree to bailing out the farm machinery sector in France only if the Government financed the cost of the operation.

French BP closes Vernon refinery

BY DAVID MARSH IN PARIS

THE FRENCH subsidiary of British Petroleum is closing one of its refineries – at Vernon, Normandy – in another example of French refining companies cutting capacity to cope with falling oil product demand.

Société Française des Petroles BP said last nigbt it would close the plant in coming months and offer the 154 employees transfers to other parts of the company.

The refinery, with a capacity of 3.4m toones, lowered its throughput volume to only 1.3m tonnes in 1983 with sporadic periods of closure.

BP, like all other refiners in France, has been hit by a steady fall in oil product demand since 1979 and an increasing switch to demand for lighter products. It said the oil product requirements in the Normandy region did not make worthwhile the cost of converting the plant to produce more lighter oils.

To cover future needs in the Paris area, BP will call oo other refineries in northern France to make up for production lost at Vernon. The company has been making heavy losses in France, like the rest of the refining industry, partly as a result of government measures impeding it from passing on the effects of the dollar's rise against the franc in the form of higher petrol prices. These measures have only just been lifted.

Public sector strike disrupts France

A ONE-DAY strike by public sector employees disrupted rail, airline, gas and electricity, postal, garbage and administrative services across France yesterday in a protest against the Government's efforts to hold the line on salaries, **Associated Press reports from Paris.**

The strike was seen as the first major test of the ruling Socialists' resolve to tame inflation and restore confidence in the economy through continuation of their austerity programme.

Electricity was cut for varying periods in many areas yesterday morning and only about one train or bus in four ran on Paris commuter and city lines.

Air traffic was halted at Charles de Gaulle and Orly airports as air traffic controllers called a four-hour strike. The state-owned Air France and Air Inter cancelled most flights for the day, as up of 80 per cent of personnel followed the strike call.

State schools were closed throughout the country, as were many governmant offices, and postal distribution was affected.

David Hnusego writes from Paris: Unions claimed that some 75 per cent of France's 4.5m public employees joined the strike called to protest against the Government's efforts to break the link between the automatic indexation of wages. The percentage was said to be higher among local authority employees.

In the Paris region, however, it was by no means clear what proportion of public employees bad stayed away in sympathy with the day of protest and how many had simply taken the day off because of the difficulties of getting to work.

The Ministry of Educaboo said that 38 per cent of teachers bad taken part in the strike. The powerful pro-Socialist teachers' union, FEN, put the percentage far higher, claiming that some 70 per ceot of those working in the education service had gone on strike.

Overall, the unions could claim that the strike had beeo well supported. But it is doubtful whether it was enough to change the Governmeot's position or for the unions to risk repeating it on any substantial scale. The amount of pay that public employees lost through the strike yesterday is not far short of what they are claiming to make good losses in purchasing power last year.

In Paris, M Henri Krasucki, leader of the Communist-led CGT, and M Jacques Pommatau, leader of FEN, beaded a demonstration of some 30,000 people.

Financial Corp buys Amex stake

By Paul Taylor in New York

FINANCIAL Corporation of America, the fast-growing U.S. financial services group which is the parent of the largest savings and loan association in the U.S., has bought 10m shares, or a 4.9 per cent stake, in American Express.

The sbare purchase, wbich at Wedoesday's closing price of $29 a share is worth $290m, makes Financial Corporetion the second largest single sbareholder in the American Express financial services group. Alleghany Corporation holds a stake of about 11.5 per cent in American Express following the acquisition by American Express in January of Investors Diversified Services, the former Alleghany unit.

American Express, which had earnings last year of $581m on revenues of $9.6bn, has 213m shares outstanding and its stock is one of those quoted in the Dow Jones industrial average.

Financial Corporation bas been growing rapidly in recent years under Mr Charles Knapp, the chairman. Last year, the company reported net income from continuing operations of $172.5m on revenue of $1.83bn, compared with net lncome of $27.3m on revenues of $75.3m in 1982. It has $22.7bn in assets including its principal subsidiary, American Savings and Loan.

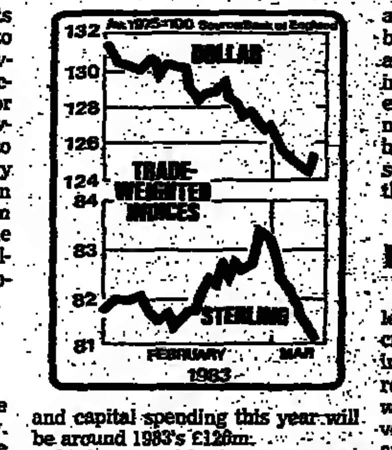
Financial Corporation yesterday confirmed that it held a stake "of less than 5 per cent" in American Express and noted that the company "buys investment positions from time to time."

The company was unable to confirm details of an interview in the Los Angeles Herald Examiner in which Mr Knapp was quoted as saying Financial Corporation might increase its holdings in American Express to as much as 21 per cent. Mr Knapp also insisted that the purchases were for investment purposes only and added that the company had no intention of trying to acquire American Express.

THE LEX COLUMN

A market tonic for Cadbury

The foreign exchange markets are clearly in two minds as to whether the dollar's recent recovery marks only a temporary correction in the downward track or whether, after the aberrant behaviour of the past month, it is back to business as usual. The hue and cry over the budget deficit was again pushing dollar rates up in London yesterday but there is as yet little evidence that the buying of the dollar represents mucb more than protective covering of short positions.



Cadbury Schweppes

Cadbury Schweppes' shares were treading new ground yesterday. They closed at 136p, up 8p on the day and 5p above their previous all-time high reached early last year.

Coming on top of e 30 per cent advance in the last six months, this latest price move looks something more than a mere acknowledgement of slightly better results for 1983 than had generally been expected.

The 19 per cent jump in pre-tax profits to £106.9m may yet emerge, after all, as the first fruit borne of all Cadbury's earnest – and expensive – long-term planning since 1980.

Grounds for optimism are not hard to spot. In the UK several of the group's major confectionery brands have seen sizable volume sales gains. UK profits at Schweppes have risen 9 per cent, and European sales appear to be responding well to more aggressive marketing.

In the U.S. trading profits up from £19.6m to £26.9m point to real progress at Peter Paul Cadbury. Above all, the newly-streamlined operations can take much of the credit for the achievement of higher trading margins across the group despite a spiralling cocoa price.

Cadbury bas a few hoops still to jump through, however. Its major brands in the UK must quickly recoup the sales lost elsewhere if the decline in UK market share is to be reversed. Heavy capital spending will be needed to build further sales in the U.S., while margins in health and hygiene products still look badly squeezed.

Nowhere is the group balanced more delicately on the threshold of change than in its financial department. Extraordinary costs have again been high, net debt has risen to 61 per cent of shareholders' funds and capital spending this year will be around 1983's £120m.

Cadbury is clearly hoping, however, to reduce its cash deficit and strengthen the balance sheet significantly in 1984, when pretax profits ought to reach at least £115m. The yield on the shares has meanwhile slipped below 6 per cent.

Midland Bank

The most favourable interpretation of the Midland Bank's 1983 results is thet they demonstrate the maximum of potential for recovery, after a year when pre-tax profits fell 10 per cent to £225m. Like the other clearers – only more so – the Midland is reporting on a year when a fair trading record ended under the steam-roller of bad debt provisions.

Even forgetting the disasters at Crocker, provisions reached nearly 90 per cent of pre-tax profits, beside which the matter of a higher tax charge must feel little more than a pinprick.

It is clearly impossible to look at Midland's fortunes in isolation from what happens in California, however. Crocker's losses, and the £120m provided against its exceptionally shaky loan book, have been working their way through the market's digestion for some time.

An assumption that the worst must be mostly known has certainly sustained the recovery in Midland's share price; yesterday it was 410p, up 8p. Yet the parent was unable yesterday to say more than that it would be disappointed if Crocker were not back in profit for the year – a statement which fell rather short of confirming expectations that a cleaned-up Crocker might be worth something like $100m before tax in 1984.

Even without that sort of assurance, Midland's success in cutting back its staff, widening spreads, and pushing up commission income in line with the rest of the field are encouraging enough. If the tightness of capital ratios will stop the balance sheet expanding as fast as some others, that may be no bad thing.

Hawley

The exponential growth of Hawley Group since 1978 has depended crucially on the stock market's faith in Mr Michael Ashcroft. Most of the recent expansion has been funded with paper and, to date, enough investors have believed that Mr Ashcroft can derive a higher return from their money than they can themselves for the machine to keep running.

Yesterday, Hawley presented the market with its greatest test yet. Not only is the company's proposed rights issue exceptionally heavy – at *7 for 20* – but it is being launched after a year in which the company's share price has failed to make progress against the market. Moreover, it follows a period in which, even by Hawley's standards, paper has been distributed with remarkable freedom. After the rights issue, Hawley's issued share capital will have doubled in the space of little more than a year.

Yesterday's preliminary figures for 1983 provide shareholders with little guidance about their next move. Pre-tax profits have almost trebled to £14.2m – translating to a increase of 38 per cent in earnings per share – but investors will presumably wait until the publication of the report and accounts before taking a decision. The preliminary statement itself contains no segmental information and it is not possible to distinguish between genuine trading profits and income from share transactions.

The company's accounting policies – on depreciation, consolidation and other matters – remain a subject of contention and the group's balance sheet will need careful scrutiny.

Net tangible assets at the end of 1983, for example, were roughly £25m – ex minorities – but it is likely that the published figure for shareholders' funds could be something like four times that amount. Debt, meanwhile, stood at close to £50m so on any assessment of the figures, Hawley certainly needs the rights issue cash.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	-	—	—	Dubrovnik	S	13	55	Malaga	S	16	61	Salzburg	Sn	2	36
Akrotiri	F	16	61	Faro	S	17	63	Malta	R	7	45	Seoul	F	8	46
Algiers	S	16	61	Florence	—	—	—	Manila	F	32	90	Singapore	C	32	90
Amsterdam	S	7	45	Frankfurt	S	5	41	Miami	C	29	84	Stockholm	C	0	32
Athens	C	10	50	Funchal	-	—	—	Milan	F	10	50	Strasbourg	C	4	39
Bahrain	F	31	88	Geneva	F	4	39	Moscow	Sn	-3	27	Sydney	C	20	68
Bangkok	F	33	91	Gibraltar	S	15	59	Munich	Sn	-1	30	Taipei	C	17	63
Barcelona	S	16	61	Guernsey	C	5	41	Nairobi	S	28	82	Tangier	S	18	64
Beirut	C	17	63	Helsinki	C	-1	30	Naples	-	—	—	Tehran	-	—	—
Belgrade	F	7	45	H. Kong	C	16	61	New Delhi	F	30	86	Tel Aviv	F	18	65
Berlin	Sn	2	36	Innsbruck	Sn	1	34	New York	F	5	41	Tenerife	F	21	70
Biarritz	S	9	48	Inverness	C	6	48	Nice	-	—	—	Tokyo	C	11	52
Blackpool	C	7	45	Istanbul	C	4	39	Oporto	S	20	66	Toronto	C	-11	12
Bordeaux	S	6	48	Jersey	C	6	43	Oslo	F	4	39	Tunis	-	—	—
Brussels	S	6	43	Jo'burg	C	25	76	Paris	F	5	41	Valencia	S	17	36
Budapest	F	3	37	Las Palmas	F	20	68	Prague	F	2	36	Venice	F	8	46
B. Aires	F	29	84	Lima	F	25	77	Reykjavik	C	6	43	Vienna	F	4	39
Cairo	F	21	70	Lisbon	S	15	38	Rio de J'o	C	37	99	Warsaw	S	4	39
Cape Town	S	29	84	Locarno	F	12	54	Rome	F	17	63	Zurich	C	1	34
Caracas	C	28	82	London	C	6	43								
Casablanca	S	19	66	Los Angeles	F	26	79								
Copenhagen	F	6	43	Luxembourg	F	3	37								
Corfu	S	13	55	Madrid	S	14	57								
Dublin	S	7	45	Majorca	S	18	64								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Snow Report

EUROPE

Arosa (Sw)	125–170 cm	New snow on good base
Gstaad (Sw)	45–140 cm	Sunny. Good ski-ing on piste
Isola (Fr)	135–150 cm	New snow on good base
Kitzbühel (A)	55–180 cm	Good conditions on piste
La Plagne (Fr)	160–330 cm	New snow on icy base
Leysin (Sw)	130–300 cm	High winds, most lifts closed
Seefeld (A)	85–160 cm	New snow on good base
St. Anton (A)	95–340 cm	Upper powder on hard base
Val d'Isere (Fr)	120–240 cm	Good piste ski-ing

European reports from Ski Club of Great Britain representatives.

THE U.S.

Aspen (Col.)	30–63 ins	Packed powder
Hunter (New York)	16–80 ins	Machine-made packed powder
Squaw Val (Cal.)	30–60 ins	Machine-groomed powder
Stowe (Vt.)	24–80 ins	5–7 ins new snow on packed base

Figures indicate snow depths at top and bottom stations.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday March 9 1984

Philips optimistic after income increases 49%

BY OUR FINANCIAL STAFF

PHILIPS, the Dutch electrical group, reports a strong profits rise for 1983 and says further progress can be expected in this year.

After-tax profits for 1983 are 49 per cent ahead at Fl 647m ($226m) on sales 7 per cent higher at Fl 46.2bn. Unit sales improved by around 5 per cent and for 1984 Philips expects unit sales to show "a slightly bigger" rise.

Last year's earnings performance reflects a strong final quarter which turned in net profits of Fl 285m, against Fl 103m for both the third quarter of 1983 and the final three months of 1982.

Operating profits for the year emerged at Fl 2.75bn, against Fl 2.13bn, despite losses in the sound and vision home electronics division.

Shareholders are to receive a maintained dividend of Fl 1.80 a share, but are to have their payment spiced by the inclusion of a share dividend on a one-for-10 basis.

The lighting and batteries, industrial supplies and products and systems for professional applications divisions showed the sharpest rises in sales and operating profit last year, Philips said.

Commenting on the result, Philips stressed that the U.S. and Canada were a "particular" contribution to the sales surge. The marked economic recovery in the U.S., where Philips operates through North American Philips, and the strong dollar had a positive effect.

Philips said that on the basis that the slight recovery in the European economy will continue and strengthen in 1984, and that economic growth in the U.S. will remain the same, a sligbtly greater rise in sales volume is expected in 1984.

Record year for big U.S. retailers

By Our Financial Staff

TWO MAJOR U.S. stores groups, K mart and Dayton Hudson, yesterday reported sharply higher fourth-quarter earnings and sales, ending a record year spurred by the consumer-led recovery in the U.S.

K mart, the second largest U.S. general retailer, with nearly 2,200 discount and variety stores throughout the U.S., boosted fourth-quarter net earnings from $165.2m to $248.6m, or $1.28 a share to $1.91, on sales up from $5.14bn to $5.85bn.

This took earnings for the year to $492.3m or $3.80 a share, against $261.8m or $2.06, on sales of $16.6bn ($16.6bn). The company believes sales this year will reach $20bn

It attributed earnings growth last year to improvement in its gross profit margins from 26.7 per cent of sales in 1982 to 27.7 per cent last year. Operating costs, meanwhile, fell from 23.9 per cent of sales in 1982 to 23.1 per cent.

The company said it should benefit this year from a programme to change its sales mix to include more brand names.

At Dayton Hudson, which has nearly 1,000 outlets, fourth-quarter net earnings advanced from $119.7m or $1.24 a share to $142.2m or $1.47 as sales rose from $1.93bn to $2.39bn.

For the full year profits rose to $245.5m or $2.54 a share, against $206.7m or $2.15 on sales up from $5.66bn to $6.96bn.

Bertelsmann sees 42% profits rise this year

BY JONATHAN CARR IN FRANKFURT

BERTELSMANN of West Germany, one of the world's biggest media concerns, expects to boost net profits by 42 per cent to DM 225m ($88m) in the year to June 30, on sales up by 4.4 per cent to DM 6.5bn.

Buoyed by this latest improvement, the group is planning a new period of strong business expansion, starting with its 150th anniversary year – 1985.

Dr Mark Wössner, chief executive, said that 1983-84 had marked the end of several years of consolidation, during which the group had deliberately held back sales growth while cutting costs and improving earnings.

He stressed that Bertelsmann's main aims had been realised, including the creation of a stronger capital base and an improved ratio of net profit to sales, which stands at 3.5 per cent, against 2.6 per cent a year ago.

Dr Wössner said group investment over the next two to three years would total up to DM 3bn, of which about half would go for business expansion.

Bertelsmann saw key growth chances in the U.S. and in the electronic media field, but Dr Wössner declined to be drawn on specific plans.

The group has a strong U.S. presence through, among other things, ownership of Bantam Books and a stake in Arista records with RCA.

In the electronic field, Bertelsmann is involved in records and video. It is also moving into television, both through an accord with RTL of Luxembourg and, possibly, through participation in the ECS European satellite programme.

The report for 1982-83, shows net profit up nearly 53 per cent to DM 159.3m on consolidated group sales which rose 3 per cent to DM 6.2bn. Foreign sales rose by 4.8 per cent and now account for more than half overall turnover.

Bertelsmann's book and record club business, which serves nearly 5m members in West Germany alone, suffered its first fall in turnover – by 0.5 per cent to DM 1.9bn.

Ericsson up 30% despite U.S. loss

By Kevin Done in Stockholm

ERICSSON, the Swedish telecommunications and electronics group, increased its profits by 30 per cent last year despite continuing heavy losses in the U.S. and a sharp fall in income from its Brazilian operations. It is raising its dividend to SKr 9 per share from SKr 7.50 in 1982.

Group profits before taxes and appropriations rose to SKr 1.76bn ($230m), compared with SKr 1.35bn a year earlier. Sales climbed by 30 per cent to SKr 25.24bn, an increase of SKr 5.7bn, but a third of the rise was accounted for by the takeover of the Facit Information Systems from Electrolux.

Earnings per share jumped to SKr 34.46, against SKr 25.05 in 1982.

New orders booked during 1983 rose by 16 per cent to SKr 26.1bn, and the group had an order backlog of SKr 21.6bn at the end of 1983. Ericsson claims a rising share of the world market for telephone exchanges as a result of its successful AXC switching system which has been ordered by telephone administrations in 49 countries. The market is expanding particularly quickly in the Far East, where Ericsson has taken orders in China, South Korea, Malaysia and Thailand.

Earnings increased particularly strongly in Ericsson's radio communications and defence systems operations, and the group also reported favourable earnings from information systems.

The group's U.S. operations, owned jointly with Atlantic Richfield, continued to suffer considerable losses, particularly in its cable division, Ericsson's share of the deficit being SKr 225m.

Group spending on research and development rose by 20 per cent to SKr 1.97bn, equivalent to 8 per cent of sales.

New state aid for Canadian aero groups

By Nicholas Hirst in Toronto

THE CANADIAN Government is pumping a further C$550m (U.S.$436.5m) into its two troubled aircraft companies, Canadair and de Havilland, bringing the total government support in the year to March 31 to C$850m. Canadair is to get C$310m and de Havilland C$240m.

Last June parliament was shocked by the disclosure that in 1982 Canadair, which builds a wide-bodied executive jet had made a loss of C$1.4bn. As part of a rescue package last June, the Government injected [illegible] into Canadair and C$60m into de Havilland.

Opposition spokesmen have continually questioned the wisdom of pouring more money into the two companies. The latest support, contained in supplementary spending estimates for 1983-84 tabled in parliament this week, is to "strengthen their equity bases."

Computer costs push Coleco into deficit

BY PAUL TAYLOR IN NEW YORK

COLECO, the U.S. Cabbage Patch doll, toys, electronic games and home computer manufacturer, reported a larger-than-expected $35m fourth-quarter loss and a $7.4m loss for 1983, blaming "the extremely high costs" of bringing its Adam home computer to the market.

In January Coleco forecast a fourth-quarter loss but expected that it would be profitable for the full year. The results are the latest indication of the scale of the problems Coleco has faced with its Adam computer system, which has run into delays and start-up hitches

The latest quarterly loss, equivalent to $2.19 a share, compares with a net profit of $15.4m, or 94 cents a share, in 1982. Sales fell from $203.3m to $175.5m.

The full-year loss, equal to 48 cents a share on sales of $596.5m, compares with net earnings of $44.9m, or $2.90 a share.

Steady growth at Heinz

BY OUR FINANCIAL STAFF

HEINZ, the Pittsburgh-based processed foods group, has maintained its 9½ per cent growth rate in profits registered in the first half of its current fiscal year and is well placed to turn in record annual earnings for the 20th year in succession.

Third-quarter earnings rose from $46.3m to $50.7m, boosting the nine-month total from $155.9m to $174.8m. Sales for the latest three months advanced from $868.6m to $889.2m, making $2.8bn against $2.7bn for the nine months.

Lower weapon deliveries hit Bofors result

By David Brown in Stockholm

BOFORS, the Swedish armaments group, has reported a severe decline in its 1983 results, largely due to reduced weapons deliveries and high redundancy costs.

Pre-tax profits allocations and extraordinary items declined 49 per cent to SKr 111m ($14'm) from SKr 190m in 1982. The armaments division and the American electronics unit suffered large declines.

Sales, 58 per cent overseas, advanced to SKr 4.37bn, a 5 per cent increase over 1982. Order intake was up 19 per cent to SKr 4.8bn, half of which was the weapons division.

The management proposes an increase of SKr 0.33 in the dividend, to SKr 7 a share. It predicts that its market and profits picture will improve "substantially this year."

By far the biggest decline last year came in the weapons division, where results fell by SKr 44m, to SKr 88m on sales 12 per cent lower at SKr 1.95bn.

Results of the Nytro Nobel chemicals division edged ahead by SKr 6m to SKr 62m on sales 31 per cent higher at SKr 1bn.

Mr Claes-Ulrik Winberg, currently managing director of the J. S. Saba retail and wholesale trading group, will take over as president in January 1985.

'Satisfactory' year for Holzmann

By Our Frankfurt Correspondent

PHILIPP HOLZMANN, one of West Germany's leading construction concerns, made a "satisfactory" profit last year on worldwide revenue which increased 3.5 per cent to DM 7.8bn ($3bn).

A shareholders' letter gave no earnings' details. Holzmann increased its net profit in 1982 by 30 per cent to DM 58m and kept its dividend at DM 10 per DM 50 share.

Holzmann benefited above all last year from the economic upswing in West Germany, which allowed it to boost domestic building revenue by 6.8 per cent to DM 2.4bn. Foreign business was less buoyant, notably in the U.S.

Group orders in hand at year's end totalled DM 6.8bn, a fall of 7.5 per cent on the figure of December 1982. Domestic orders rose one fifth, but those abroad fell more than 14 per cent.

McDermott acquires Coutinho interests

BY JOHN DAVIES IN FRANKFURT

McDERMOTT International, the U.S. energy services company, is to take over the trading, engineering and construction operations of the privately owned West German group, Coutinho, Caro.

It is making the acquisition at an undisclosed price by buying out the interests of the Coutinho family. However, the family is retaining steel warehousing operations, along with subsidiaries in Denmark, the Netherlands and the U.S.

The Coutinho, Caro group was set up before the turn of the century and has a network of offices in 28 countries. More than half the group's world-wide revenue has come from trading activities – in steel, other metals, chemicals and paper products.

Mr James E. Cunningham, chairman of McDermott International, said yesterday that the takeover would enhance his company's ability to carry out barter trade commitments, as well as other trading operations.

McDermott and its subsidiaries carry out engineering and construction work for the offshore oil and gas industry. They also make steam generating equipment, tubular products, insulating products and process control systems

Coutinho, Caro had group worldwide sales revenue of DM 2.3bn ($909m) in 1982. McDermott International said that the operations it was acquiring had sales of about $700m last year.

Coutinho, Caro said that it had made an increased profit last year, but gave no details.

McDermott said that partners of Coutinho, Caro in UK and Swedish operations were not contemplating a sale of their interests.

Better prices lift Stora Kopparberg

By Our Stockholm Correspondent

STORA KOPPARBERG, the Swedish forest products group, reported a substantial increase in its 1983 results largely because of better prices.

Pre-tax profits before extraordinary items, increased 80 per cent to SKr 516m ($67.8m) from SKr 286m in 1982. Profits per share jumped from SKr 20 to SKr 35.

The directors have recommended a dividend of SKr 16.50, up SKr 2.50 from 1982, and a four-for-one split. Sales advanced 20 per cent from SKr 4.94bn to SKr 5.84bn.

There were marked improvements in the results of the forestry, sawn products and pulp operation, and the group has strengthened its market share with the aid of the autumn 1982 devaluation of the krona. Operating results rose 44 per cent to SKr 689m, while net financial costs declined SKr 20m to SKr 173m.

The result for the pulp and newsprint operation in Nova Scotia declined, despite lower production costs. An improvement is predicted for 1984. The power generation division recorded a further decline, of SKr 56bn.

A SKr 495m convertible bond, issued last May, which was fully subscribed by the Volvo Industrial group, may be converted into shares corresponding to a 25 per cent stake in the forest products group at the end of this year. Investments in plant and equipment declined from SKr 641m to SKr 371m.

INTL. COMPANIES & FINANCE

Michael Thompson-Noel on the turnround at a long-time loss-maker

Steel adds to the allure of BHP

STUDENTS OF Mr Robert Holmes à Court's enigmatic, but potentially landmark, share play in Broken Hill Proprietary (BHP), Australia's largest company, have to date concentrated on BHP's glamorous portfolio of natural resource assets as the likeliest targets of the lone ranger's beady eye.

In this, they have been encouraged by Mr Holmes à Court himself, who in the quiet luxury of his Melbourne office, told the Financial Times last month that Bell Group's recent foray into Australian resource interests (via Bell Resources) was based on the belief that entry costs into the resource sector were currently offering their best value for money in virtually a decade.

On that basis, BHP's attractions are obvious. Apart from its lucrative involvement in oil and gas (including a 50 per cent stake in the Jabiru oil strike, off northern Australia), it is heavily involved in coal, iron ore, manganese, gold, nickel and alumina, and is spending heavily on exploration.

However, the attention paid recently to the "big Australian's" push back into resources has virtually overlooked the Cinderella-like recovery seen recently in BHP's steel division, though this facet of BHP's recent strong profits growth will certainly have been logged by the Holmes à Court computer.

Moreover, if Mr Bob Hawke, Australia's Labor Prime Minister, succeeds in his recently-unveiled quest for integration of the iron and steel industries of Australia and China, the possibilities for BHP could be significant.

The Hawke scheme envisages "programmes of mutual investment, technical assistance, and the supply of Australian raw materials and semi-processed products to China's mills." Mr Brian Loton, BHP's managing director, says that recovery in the group's steel division, which has virtually monopoly control of Australian steel production, is "all very tentative," and will depend heavily on the extent to which all parties keep persevering to contain costs.

Nevertheless, the steel division's recovery since the depths of 1982-83 (when BHP was savaged, in Australia, for ponderous management and lack of foresightedness) has been impressive. In the half-year to last November 30, when group net profit improved by 111 per cent to A$286m (US$269m) on total sales of A$2.6bn, the steel division achieved a net profit of A$38.1m on sales of A$1.18bn. This compared with a loss of A$64.3m in the corresponding 1982 period — a turnround of A$102.4m. The reason: "Improvements in costs, and the rationalisation that we've undertaken over the past year," says BHP.

Significantly, the result was not affected by the Government's steel industry plan announced last August, which came into operation on January 1. Under the plan, the Government is offering cash bounties of up to A$71.6m a year, to be paid to secondary processors of BHP steel (mainly BHP affiliates), in return for a four-year A$500m to A$800m steel investment plan.

During the six months to last November 30 BHP steel division employment fell by 938 to 28,984. Total group employment fell to 53,064 from 63,477. Two years ago, it was 74,864.

In the latest six-month period, productivity rose to an average rate of 234 tonnes of raw steel per man per year. The initial target is 250 tonnes, the longer-term target 350 tonnes. "I think the improvement is partly peculiar to Australia," says Mr Loton. "We've been able to reduce our capacity fairly quickly, and at the same time achieve increases in productivity. The fact is that the bulk of the facilities in our steel industry are effective, efficient plant." BHP's main steel plants are at Newcastle, Port Kembla and Whyalla.

Mr Loton says that although steel imports have been pared from around 800,000 tonnes a year to 600,000 tonnes, "even this is a very substantial figure in a total domestic market of about 4.5m tonnes per annum."

BHP said recently that total raw steel production in January was 510,000 tonnes. Over the eight months to January, production was 4m tonnes, against 3.7m tonnes in the eight months to January 1983.

The first of a 100,000-tonne order of semi-finished steel blooms produced at Whyalla will shortly be shipped to China, the rest to follow over the next five months.

Under the Hawke plan, the first meeting of the China-Australia iron and steel industry joint study group is due to be held in Peking in early April. The scope of the group's investigations is likely to cover five broad areas; iron ore exports to China; Chinese investment in Australian iron ore production, Australian investment in China's steel industry; and technical assistance by Australian companies to China's coastal steel plants.

However, the prospect of large-scale crude steel and processed iron sales to China is unlikely to become reality until the 1990s, if then.

In Australia, current forecasts for major new project-type investments are not viewed by BHP as encouraging, which is why the company says it views "the immediate future for the steel industry with caution, and is continuing its efforts to further strengthen its competitive position."

Nevertheless, its turnround in steel has been dramatic—a fact that Mr Holmes à Court will not have missed.

Interim payout maintained at Wormald

By Michael Thompson-Noel in Sydney

WORMALD International, the Australian-owned engineering and technology group, saw a marginal improvement in net profits for the six months to December, from A$10.1m to A$10.3m (US$9.7m) on turnover of A$398m.

Interim dividend is maintained at 10 cents a share, covered by earnings of 15 cents a share.

Wormald has been the subject of persistent takeover rumours, though the share price has fallen back from A$3.52 three weeks ago to yesterday's close of A$3.22.

● Wardley Australia, the merchant bank, has reported a 89 per cent improvement in net profits for 1983, to A$8m (US$7.5m).

Heavy investments check result at Bahrain bank

BY MARY FRINGS IN BAHRAIN

THE Kuwaiti-controlled Bahrain Middle East Bank (BMB), incorporated in Bahrain in 1982 with paid-up capital of $100m, reports net operating income of $7.6m for 1983, its first full year. The result reflects heavy investment in personnel and facilities aimed to establish the bank in the international market, and compares with 1982 earnings of $13.1m, which were almost entirely attributable to interest on capital.

Assets (excluding contra items) grew from $122.8m to $392m, while loans and advances increased from $61.9m to $190.4m. BMB acted as lead manager in 17 syndications and club deals and co-managed six others.

As a new bank, BMB had no loan loss reserve but has now appropriated $4m for this purpose (equivalent to 2.1 per cent of risk assets) from the net profit. This is prudential measure not related to specific items, because the bank entered the international lending market after the onset of the debt crisis.

"I think I have the cleanest portfolio in town," says Mr J. A. Katchadurian, the general manager. He adds that 42 per cent of the bank's involvement is in Western Europe, 30 per cent in the Middle East and the rest in the U.S., Asia and Eastern Europe.

Two subsidiaries are being set up, an insurance consultancy registered in Guernsey and an offshore real estate services company. But BMB has divested itself of a minority (25 per cent) interest in the London deposit-taker, Gulf Guarantee Trust, preferring to seek representation in London under its own name, as in New York, where it opened an office in October.

Dalgety Crown shows advance after merger

WELLINGTON — Dalgety Crown, formed last year by a merger of two of New Zealand's largest pastoral companies, has reported an interim after tax profit to February 1 of NZ$6.05m (U.S.$4.08m).

The after tax trading profit for the first half compares with the combined interim profit last year of Crown Consolidated and Dalgety New Zealand of NZ$2.6m, up NZ$3.4m or 128 per cent. It represents a profit per share of 8.7 cents. Provision for tax is NZ$4.6m (NZ$1.7m).

Group turnover for the first half was NZ$771.5m (NZ$691.5m).

Extraordinary items are not included, but will be included in the full year's results, the company said in a statement.

An interim tax-free dividend of 5 cents a share, or 10 per cent, has been declared.

Reuter

JAPANESE RESULTS

AIWA
AUDIO EQUIPMENT MAKER

Year to	Nov '83 Y	Nov '82 Y
Revenues (m)	77,581	73,093
Pre-tax profits (m)	1,861	216
Net profits (m)	1,120	†987

† Loss
CONSOLIDATED

KIKKOMAN
SOY SAUCE MAKER

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	134.9	131.2
Net profits (bn)	3.53	2.9
Net per share	22.2	18.36

PARENT COMPANY

NIPPONDENSO
ELECTRIC AUTO PARTS

Year to	Dec '83 Y	Dec '82 Y
Revenues (bn)	718.06	632.21
Pre-tax profits (bn)	73.72	59.5
Net profits (bn)	33.25	27.57
Net per share	54.96	55.14

CONSOLIDATED

TEIKOKU OIL
PETROLEUM PRODUCER

Year to	Dec '83 Y	Dec '82 Y
Revenues (m)	51,809	51,345
Pre-tax profits (m)	10,560	12,718
Net profits (m)	6,300	7,709
Net per share	26.04	35.04
Dividend	5.50	5.50

PARENT COMPANY

WASINO MACHINE
MACHINE TOOL MAKER

Year to	Nov '83 Y	Nov '82 Y
Revenues (bn)	23.09	—
Pre-tax profits (m)	394	—
Net profits (m)	1,799	—

CONSOLIDATED

INTL. COMPANIES & FINANCE

Davignon directive puts an Italian textile orphan on road to recovery

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

FROM AN office on the seventh floor of the Enichimica building on the south-eastern perimeter of Milan, Sig Domenico Palmieri looks down on the toll booths at the start of the autostrada that links the northern industrial city with Rome and the south.

It is not so much cars he sees passing before his eyes, though, as red figures—the red figures in the balance sheets of Anicfibre which tell how long and how deeply the fibre arm of the state-owned Enichimica has been making losses.

The losses stretch back a long way, back at least to 1976. Anicfibre is the orphan of the Italian textile industry; as the only major state-owned producer, it has been the butt of Government policy, forced to keep plants open that it might have wanted to close, forced to take on plants that other companies have threatened to close.

Between 1976 and 1983 it lost L747bn ($465m) but Sig Palmieri believes that this long dark night is coming to an end.

This year the loss should be around L20bn compared with L158bn at the height of the textila industry crisis in 1982 and L83bn last year. Even more important, he believes that by the end of next year Anicfibre will be trading profitably and by 1986 should be in the black on a turnover of more than L700bn.

For the first time since this Neapolitan arrived in Milan in December 1982 from Bassetti, a leading company in the private sector producing household textiles, as managing director of Anicfibre, Sig Palmieri is beginning to see those red figures disappear from sight on his balance sheet.

The better conditions are due to a combination of factors, not the least being his appointment, which indicated that the Italian Government accepted the need for a commercial approach to the business.

The most important factor, though, has been that under the second Davignon plan—introduced by the European Commissioner for Industry in 1982 to restructure the textile industry within the Ten to cut out overcapacity—Anicfibre has been forced to adopt a more market approach.

Anicfibre's problem is that it has always been used as an arm of national social and economic policy. In 1980 the Government forced Anic (as it was before a reorganisation in 1982) to take SIR, which made a loss of L809bn in 1979, under its wing. When Montefibre, the largest Italian fibre producer, wanted to close uneconomic plants at Ottana in 1981 and Pisticci a year later—both in economically depressed parts of the country—Anic was ordered to take them on board.

With the help of the European Commission, Anicfibre has now begun to cut out its surplus capacity, with the older plants such as Ottana, built in 1964, going first.

Better conditions at Anicfibre result from a combination of factors, not least the arrival in 1982 of Sig Domenico Palmieri (left) from the private sector as managing director, which indicated that the Italian Government appreciated the need for a commercial approach

Davignon laid down that *Anicfibre should eliminate* 50,000 tonnes of capacity, and the company has already sliced out 35,000 tonnes by ending production of polyester filament yarn at Ottana and of both polyester filament and acrylic yarns at Pisticci. The other 15,000 tonnes will come from Pisticci, and should be completed next year.

With the closure announced last month at Ottana accounting for a drop of 660 in the workforce and 340 going at Pisticci, the company has this year shed 1,000 of the 2,300 workers it needs to displace if it is to meet its obligations to Davignon.

It now has a workforce of 6,200, of whom 5,200 are in fibres and 1,000 in related downstream activities, such as the production of Alcantara under licence until 1988 from the Japanese concern, Tokay, at a plant outside Rome, and sewing threads in the Mezzogiorno.

The result of the elimination of old plant and concentration on three basic fibres at two plants—Ottana and Porto Torres, both in Sardinia—is that capacity utilisation went up to around 60 per cent last year, a figure which Sig Palmieri admits to be "too low," but which he describes as "an important start." A climb to 75 per cent is expected this year.

"With better production coming from the plants, we have been able to push up sales by as much as 25 per cent," he says, "and this has come largely from outside Europe. The consequence of Davignon and the improvement in the Italian fibre industry, which has picked up since the turn of the year, means that we have been able to work to a more commercial approach.

"There is no doubt that Italian state companies have been penalised in a way private industry has not. That has changed, and at Ottana it was recognised for the first time by the unions that the balance sheet, getting rid of those red figures, is vitally important if the company is to prosper and to continue."

It is on the balance sheet that Sig Palmieri parts company most directly with his critics in the industry. It has long been claimed that Anicfibre, like the other Italian fibre producers, has been kept going only because the Government has been willing to find ways of writing-off debts.

Anicfibre is probably still in existence only because assets were revalued, capital increased, non-repayable state subsidies made and subsidies given specifically for the compensation of operating losses.

Critics assert that between 1975 and 1981 alone, Anicfibre received L108.9bn in subsidies and had its assets revalued or written off to the tune of around L1,000bn.

Sig Palmieri categorically denies that the company received any subsidies from the state. "By law we are in exactly the same relation to our balance sheet as any private-sector company. The only difference is that our owner, ENI, is a public-sector company.

"If we make losses then these have to come from our parent. ENI is a profitable concern and it is possible that some of the profits it made on its petrol operations for instance (it owns Agip) might have gone towards covering Anicfibre's losses."

To most outsiders this might seem disingenuous. Anicfibre is known to have received L150bn from the Government, via ENI, when it was forced to take over Montefibre's share of Ottana. It was also allowed to defer instalments of a cheap interest loan in 1980; defer short-term bank debts in December 1978; given a cheap interest loan and subsidies totalling L225bn to cover virtually the whole cost of new investment; and further, similar, aid in 1980 and 1981 towards the cost of Pisticci.

Anicfibre's recovery has been helped by continuing profits from its activities in sewing threads and Alcantara. It is probable that these contributed about L40bn in profits last year, and they are expected to add at least another L40bn this year.

The Alcantara plant, which makes an artificial suede fibre that is much admired in Germany and France, but has had surprisingly little impact in Britain, has been such a success that the company has diversified into ophthalmics, from the same parent Japanese concern, with the production of soft lenses.

The logic of this is that Alcantara, as a specialist fibre for a specialist high-price market, is probably nearing saturation point. The common feature between Alcantara and soft lenses is the high technology needed in their production.

It is an interesting diversification. But, then, Anicfibre is moving in interesting directions.

UK COMPANY NEWS

Midland Bank profits hit by £120m Crocker provision

A £122m rise in provisions for bad and doubtful debts to £318m is reflected in the Midland Bank's pre-tax profits for the 1983 year which declined from £251m to £225m.

The provisions included £120m (£37m) in respect of Crocker National Corporation, a group subsidiary.

Crocker's pre-tax loss consolidated in the group results, adjusted to accord with Midland's accounting policies, amounted to £17m, compared with a profit of £46m in 1982.

Sir Donald Barron, Midland Bank's chairman, says the banking businesses of the group performed well during 1983 and improvements were achieved in the trend of costs, interest spreads and non-interest earnings.

He adds that all the bank's subsidiaries, with the exception of Crocker and International Trade Services, earned higher profits.

For the bank as a whole, provisions for bad and doubtful debts are expected to drop this year. The chairman explains that although the Midland still has some 80 companies in its "intensive care unit" with total loans outstanding of around £450m the risk advances included are "substantially lower."

As anticipated at the interim stage, the dividend for the year is being maintained at 25.5p net per £1 share on the enlarged capital, by a second interim of 14.5p.

Commenting on Midland's results for 1983, Sir Donald tells shareholders that there were many encouraging trends, despite the 10 per cent decrease in pre-tax profits. Trading profits for the year, before bad and doubtful debts and profits on the sale of investments increased by 25 per cent over 1982 with significant improvements in income and a general containment of increases in costs.

The group's net operating income grew by 11 per cent, including a 19 per cent increase in percentage points non-interest income. Although the reduction in average base rate was 2.1 percentage points, from 11.9 per cent in 1982 to 9.8 per cent in 1983, net interest income grew by 6 per cent with an improvement in interest spread from 2.1 per cent to 2.3 per cent. Commission income increased by 26 per cent over 1982.

The chairman says operating expenses were tightly controlled and increased by 5 per cent (8 per cent including exchange rate movements). This was assisted by a reduction in the group's staff numbers worldwide of 2 per cent, although there has been a continuation in the recruitment of high calibre staff as an investment for the future.

The group charge for bad and doubtful debts incorporated a specific charge of £228m (£162m). In addition, because of continuing economic uncertainties, it was considered prudent to increase general provisions by £90m (£34m).

Further steps were taken during the year to restructure the group's portfolio of gilt-edged securities, and this produced profits of £23m (£41m). Continuing the policy of closely considering Midland's strategy with regard to investments, the shareholding in European Asian Bank was disposed of which produced a profit of £7m.

Sir Donald comments that these disposals, together with the rights issue and loan capital issue, have resulted in a significant strengthening of the group's balance sheet. The year-end free capital ratio showed a substantial improvement from 4 per cent in 1982 to 4.6 per cent in 1983. At the same time the loan capital ratio has improved, reducing from 28.8 per cent to 27 per cent.

The group's domestic sectors, comprising those operations and subsidiaries whose business is principally sterling denominated, contributed 90 per cent of group profits before taxation and loan interest (67 per cent). The international sectors' contribution fell, reflecting a substantial increase in the charge for bad and doubtful debts, particularly in Crocker National Corporation.

The performance of Midland's domestic operations is described as "encouraging" given that there was an increase in the charge for bad and doubtful debts.

Average credit current account balances grew by 7 per cent and represented 30 per cent of Midland Bank's total sterling deposit base (29 per cent) and net interest income grew by 8 per cent. Commission income increased by 28 per cent over the previous year, but increases in overheads were contained to 5 per cent, aided by a reduction in staff numbers over the year of more than 800.

Associates added £25m (£28m) to group pre-tax profits and interest on subordinated loan capital rose to £94m (£92m).

Tax absorbed £100m, compared with 1982's £81m which was after crediting an exceptional tax item of £24m. Minorities accounted for £7m (£24m) and extraordinary debits £4m (£1m). Attributable profits emerged at £114m (£145m).

Midland is looking for Crocker to return to profit in the current year. Mr John Harris, a Midland Bank director and vice-chairman of Crocker, says it would be "tempting fate to predict a rapid turnround but we would be disappointed if Crocker did not return to profitability this year."

Since moving in at Crocker last December Mr Harris says he has seen enough to confirm a feeling of "cautious optimism" about the U.S. bank's recovery potential.

He points out that two main problem sectors in the Crocker loan portfolio were real estate and agriculture with loans not generating interest standing at around $1bn at the year end and adds that "these are the areas which require the most urgent action and I can say they are being actively addressed."

Midland Bank subsidiary Clydesdale Bank increased its pre-tax profits by 6 per cent to £18m over the 1983 year and Northern Bank recovered strongly with pre-tax profits of £10m, reflecting a reduction in bad and doubtful charges compared with recent years.

Samuel Montagu had another good year and continued to expand its business and Thomas Cook produced record trading profits of £12m, reflecting improved performance in the travel and travellers cheque markets and rigorous control of costs.

See Lex

Trevor Humphries

The Listening banker! Sir Donald Barron, chairman of the Midland Bank, who yesterday announced a £26m decline in 1983 profits.

19% improvement at Cadbury: major U.S. investment planned

EVERY REGION of Cadbury Schweppes' operations improved its return on operating assets in 1983. Group sales rose 14 per cent, from £1.49bn to £1.7bn, and the profit before tax was up 19.2 per cent, from £89.7m to £106.9m.

Sir Adrian Cadbury, the chairman, describes the year as one of progress, "when we built successfully on the changed geographical balance of the business, to which we have been working over the last few years."

The American region has tripled its profits over the last three years, and remains the fastest-growing area with sales of £374.8m (£279.8m) and trading profit of £26.9m (£19.6m) last year. A major capital expenditure programme has been started in the U.S. and the directors are looking at the desirability of entering the equity market as part of the commitment to growth in North America.

Sir Adrian says in view of the growing importance of that market it is logical to obtain a listing for Cadbury's shares. There are big opportunities in the confectionery business, where the group now has 8 per cent of the market. Overall he wants to see the U.S. contribution rise from a quarter to one-third of the group's profits.

Sir Adrian says challenging objectives have been set for the group in 1984 and he is confident that the year will be one of further achievement. There are encouraging signs of trade picking up around the world and the group is well placed to take advantage of any opportunities. Investment in America remains a priority and other areas of expansion are the Pacific Basin and South America.

The UK region increased its sales by £52m to £824m and its trading profit by £5.8m to £57.3m, reflecting the benefit of the investment programme coming through. This was broadly the picture for the rest of Europe, where the priority has been to strengthen the position of the Schweppes brand. Sales in Europe were £196.2m (£172.6m) and trading profit £10.6m (£9.4m).

The UK market was difficult last year, with no price increases. Volume sales are about the same but there has been a 13 per cent cut in the workforce. There has been significant increases in certain products and the recently launched Wispa, having achieved encouraging results in the regions, is now going national.

He expects to see some selected price rises this year, reflecting movements in commodity prices.

Australia has shown a consistently high rate of profit growth, which is "a considerable achievement" in a very competitive market, says the chairman. Sales there in 1983 came to £188.7m (£166.3m) and trading profits to £17.5m (£12.9m). Companies outside the main regions played their full part in the improvement in results, contributing £119.2m (£104m) to sales and £13.3m (£11.4m) to trading profits.

The profit was struck after interest charges £36m (£34.5m). Tax takes £38.5m (£34.8m) and minorities £7.8m (£6m), to leave the net balance at £60.6m (£48.9m). Earnings are 13.8p (10.96p) net and 21.25p (17.96p) pre tax, and the final dividend is 3.9p for a net total of 5.4p, against 4.9p.

There are extraordinary charges of £18.2m (£9.6m), covering the costs arising from the rationalisation or discontinuation of businesses. Sir Adrian hopes these charges will not continue at their present level. They reflect the changing shape of the business and he will be "very surprised if they don't go back to a more modest level."

Expenditure on fixed assets rose £21.5m to £126m, reflecting the continued programme of investment in reducing costs and improving efficiencies. Working capital fell by £4.2m.

See Lex

Pavilion Leisure

Pavilion Leisure Holdings board said the Glasgow Pavilion Theatre had a successful pantomime season together with a profitable month in February. It was continuously devoting its energies to achieve a final solution to the problems left by the previous board.

Systems Designers rises to £1.6m and pays more

AN IMPROVEMENT in pre-tax profits from £1.06m to £1.55m has been shown by Systems Designers International for 1983 and the directors are "very confident" that the company can maintain its growth rate.

A final net dividend of 1.6p has been recommended, making a total of 2.4p compared with a single 1.5p payment for the whole of the previous year. Earnings per 10p share increased sharply from 8.6p to 24.1p.

Turnover grew from £9.45m to £13.95m.

At the operating level profits increased from £1.13m to £1.59m after administration expenses of £4.18m compared with £3.03m.

● comment

SDI is in the enviable position of not having to grub around for business. With the information technology revolution in full cry, it is simply there for the taking, which is why it has been so easy for the company to maintain a consistent profits record. Because of the explosive demand, therefore, the company has been able to take a calculated attitude to its growth pattern — and the magic figure it seems most comfortable with is near to last year's 46 annual profits rise. As much of the company's business is headcount-related, an important element in its success has been the ability to attract the right calibre of highly-skilled software technicians. In 1983 SDI managed to find 125, bringing its professional payroll to 400; hence a big jump in fee income from £7.6m to £10.7m in consultancy software services. So far there has been little change in the emphasis on military applications, where 60 per cent of turnover derives, but this could change once the company's U.S. toe-hold in software products gets on to a firmer footing through the long-mooted acquisition. Equally this could change as SDI makes further inroads into the UK market for information systems. On the basis of a similar profits rise this year the 595p shares are selling on a prospective multiple of nearly 17—hardly par for a go-go electronics stock.

Mild weather in final quarter will slow AAH growth rate

THE MILD weather in the last quarter will affect the fuel distribution business of AAH Holdings, and will have some bearing on the full year's results.

At the nine months stage to December 31 1983 profits before tax have shown an increase from £5.57m to £6.45m—or 15.76 per cent. But the full year is not expected to maintain this percentage rise.

There has been no relaxation in the pressure on margins and the directors expect the profits in the final quarter to fall short of the £3.64m earned in the corresponding period of the previous year. Figures in respect of 1982-83 have been restated for SSAP 20.

The directors are confident, however, that the full results will justify continuance of the progressive dividend policy adopted over the past 15 years. They are declaring an interim of 2.4255p net, against 2.205p—the total paid for the year ended March 31 1983 was 5.615p.

Sales for the nine months totalled £358.26m (£335.11m) and trading profit came to £8.08m (£7.3m) as follows—in £000s: solid fuel distribution £3,678 (£3,162); oil £360 (£417); builders supplies £2,048 (£1,764); pharmaceutical supplies £697 (£980); road haulage £558 (£530); environmental and agricultural services £799 (£548); engineering £55 (£105); miscellaneous loss £118 (£209).

The setback on the pharmaceutical side was due to several exceptional factors. The DHSS imposed a 2½ per cent reduction and "an ongoing freeze" on drugs prices at August 1 last, and this led to losses of £100,000 on stocks held then which had been bought at higher prices. In addition the price freeze eliminated shelf profits thereafter. There were also substantial costs associated with the changeover to a new computer system.

● comment

AAH is one of those safe companies with a steady profits record which has disappointed only once in 16 years. That was in 1981-82, when the non-solid fuel activities took a beating in the recession. A year later it was the fuel distribution side which was threatening to drag down annual earnings but a late rally in the final quarter—which can, if the period is cold enough, bring in 40 per cent of group annual profits — saved the day. This year is no such cliff-hanger, however, in spite of the fact that the wholesale drug business is being hit by Government-imposed freezes and an old-fashioned price war. Although a continuation of the mild winter will undoubtedly affect the final quarter, there are enough banked up earnings in the first nine months to more than offset. AAH's main strength is that, being essentially a distribution company, its return on capital employed is very attractive. At the moment the well-established drugs side happens to be a weak link, but this will change once the marketplace returns to a more sensible level of pricing. Given that spring has well and truly arrived, AAH could turn in £10.25m this year for a prospec- 126p.

Fife Indmar hit by higher interest charge

Pre-tax profits of Fife Indmar, marine and general engineer, slipped from £729,000 to £703,000 over the 12 months ended December 31 1983 following a £47,000 rise in interest charges to £74,000.

An increased final dividend of 5.2p (5p), however, lifts the total by 0.3p to 6.6p net per 25p share.

Turnover for the period expanded from £12.21m to £12.76m and at the trading level profits moved ahead by £21,000 to £777,000.

Tax took £210,000, compared with £71,000, after which earnings emerged well behind at 17.49p, against 23.35p, per share.

Below the line there was an extraordinary debit of £136,000 (credit £428,000).

Crest Nicholson

Net borrowings of Crest Nicholson amounted to £13.8m at the October year-end and showed a significant turnround from net cash balances of £3.2m at the beginning of the year.

As already known, pre-tax profits for the 12 months to end-October 1983 rose from £6.72m to £7.01m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
AAH Holdings ......int.	2.43	March 30	2.21	—	5.62
Antofagasta Hldgs	10**	May 15	3	13	10
Cadbury Schweppes	3.9	May 29	3.5	5.4	4.9
Cardinal Inv ...2nd int.	2.85¶‖	April 3	2.35	4.15	3.65
Corah	2.2	—	2	3.7	3.5
Davies & Metcalfe	1.58	May 12	1.54	2.21	2.11
Family Inv Tst	4.1	May 30	3.9	6.6	6.3
Fife Indmar	5.2	April 30	5	6.6	6.3
Framlington Group ...int.	3p‡	April 17	—	—	3
Galliford ......int.	0.7	April 3	0.7	—	3
Gen Investors ...2nd int.	2.35¶	May 1	2.4	3.85	3.65
Microfilm ......int.	0.5‡	July 1	1.25	—	1.5
Midland Bank ...2nd int.	14.5†	April 5	17.5	25.5	25.5
Needlers	4.2	May 4	4	4.2	4
William Sinclair ......int.	1.5	April 5	1.5	—	4.25
Systems Designers	1.6	—	1.5	2.4	1.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶In lieu of final. ‖For 13 months. **Gross throughout.

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Armco Trust Ltd.	8¾%	Hongkong & Shanghai	9 %
Associates Cap. Corp.	9½%	Kingsnorth Trust Ltd.	10 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	9½%
Bank Hapoalim BM	9 %	Lloyds Bank	9 %
BCCI	9 %	Mallinhall Limited	9 %
Bank of Ireland	9 %	Edward Manson & Co.	10 %
Bank Leumi (UK) plc	9 %	Meghraj and Sons Ltd.	9 %
Bank of Cyprus	9 %	Midland Bank	9 %
Bank of India	9 %	■ Morgan Grenfell	9 %
Bank of Scotland	8¾%	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	8¾%	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½%
■ Brown Shipley	9 %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	■ J. Henry Schroder Wagg	9 %
Canada Perm't Trust	10 %	Standard Chartered ‖	9 %
Castle Court Trust Ltd.	9½%	Trade Dev. Bank	9 %
Cayzer Ltd.	9 %	TCB	9 %
Cedar Holdings	9 %	Trustee Savings Bank	9 %
■ Charterhouse Japhet	9 %	United Bank of Kuwait	9 %
Choulartons	10½%	United Mizrahi Bank	9 %
Citibank Savings ¶	10½%	Volkskas Intnl. Ltd.	9 %
Clydesdale Bank	9 %	Westpac Banking Corp	9 %
C. E. Coates	9½%	Whiteaway Laidlaw	9½%
Comm. Bk. of N. East	9 %	Williams & Glyn's	9 %
Consolidated Credits	9 %	Wintrust Secs. Ltd.	9 %
Co-operative Bank *	9 %	Yorkshire Bank	9 %
The Cyprus Popular Bk.	9 %		
Donbar & Co. Ltd.	9 %		
Duncan Lawrie	8¾%		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 6%. Fixed rate 12 months £2,500 8% £25,000. 12 months 8.5%.
† 7-day deposits on sums of: under £10,000 5¾%, £10,000 up to £50,000 5½%, £50,000 and over 7¼%.
‡ Call deposits £1,000 and over 5¾%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5¾%.
¶ Mortgage base rate.

UK COMPANY NEWS

William Sinclair reduces seasonal loss to £0.18m

IN LINE with its seasonal pattern of trading, William Sinclair Holdings incurred a loss in the opening six months of the year.

However, a cut in interest charges together with lower losses from agricultural seeds and merchanting reduced the overall taxable deficit from £420,000 to £181,000.

Turnover for the six months to December 31 1983 was £5.82m lower at £10.03m but the operating loss was down at £147,000 compared with £260,000.

The taxable result was struck after interest of £57,000 (£194,000) and included income from investments of £23,000 (£24,000).

Minorities were £2,000 (same) and extraordinary debits took £27,000 (credit £233,000).

A divisional breakdown shows losses in agricultural seeds and merchanting of £196,000 (£230,00), profits from horticulture and leisure of £52,000 (£3,000) and related company profits of £20,000 (£34,000). Last year there were losses of £33,000 from discontinued activities.

The interim dividend of this USM stock is being held at 1.5p net per 25p share.

In the last full year the company achieved second half profits of £862,000, against £833,000, making a total surplus of £442,000 compared with £533,000, and paid a final dividend of 2.75p.

In the agricultural seeds division, the rationalisation plans and the subsequent sale of properties are proceeding satisfactorily and proving effective, the directors state.

Sowings of autumn cereals were at record levels which does reduce the potential for the spring, they point out. And farmers, concerned by the Common Agricultural Policy, are indecisive in finalising their cropping programme.

In the horticulture and leisure division, sales of the J. Arthur Bowers range of products were at record levels for this first period of the year.

Plans for moving to the new factory in April are on schedule and should be completed by the end of May. The board looks forward to a good gardening spring which is all important to the company's performance in the final period of its financial year.

Galliford's mid-term fall but 0.7p interim maintained

LARGELY AS a result of losses on a civil engineering contract and a negligible contribution from the Singapore subsidiary, Galliford has experienced a setback in profit from £1.37m to £1.02m for the half year ended December 31 1983. The interim dividend is being held at 0.7p net per share from earnings of 2.93p, against 3.32p.

As regards the second half, the directors are of the opinion that it will be better than the first, but say "it is premature to be certain that all the lost ground can be regained." For the year ended June 30 1983 the group made a profit of £2.88m and paid a total dividend of 3p net.

Precision engineering companies continued to trade at a loss, but there is already a much improved situation and a worthwhile improvement in orders.

Chorley Engineering's North Sea operations were satisfactory, but in Asia the results were well below budget. The absence of a major contract to provide volume was the contributory factor causing this situation.

Civil engineering as a whole has been a concern for the past year or so and there are still low volume and minimal margins. After many years of success, Galliford and Sons incurred substantial losses on one contract. Work is now virtually complete. However, Kottler & Heron has recovered well and will produce a much improved result for the year.

Building contracting, private housing and property development are operating satisfactorily and will end the year with sound results.

Glanfield sees further improvement and plans capital reconstruction

FOLLOWING a return to profits at the interim stage, Glanfield Lawrence achieved taxable profits of £52,000 in the second half for a full year total of £114,426, against a £516,375 loss for the previous 15 months.

This improvement is expected to continue with the directors looking for a profit of not less than £250,000 in the current year and a return to the dividend list.

This motor vehicle distributor and engineer, has also unveiled plans for a capital reconstruction and a rights issue to raise about £665,000 after expenses.

The reconstruction will involve the reorganisation of the ordinary capital into a single class of shares. The directors propose that the limited voting "B" shares be redesignated as ordinary shares.

In exchange for agreeing to an increase in voting rights of the holders of the "B" ordinary it is proposed that a further 88,000 ordinary should be issued to holders of existing ordinary as a one-for-ten scrip.

The rights issue will follow the capital reconstruction. It will involve the issue of 2,940,570 new ordinary shares on the basis of five-for-four at 25p per share.

The directors expect to recommend a dividend on the ordinary shares following the proposals of not less than 1p net for 1984.

After taking account of the net proceeds of the rights issue, the group's indebtedness as at February 17 1984 will amount to approximately 46 per cent of its net tangible assets, of £2.48m, at the end of 1983, compared with 100 per cent prior to the issue. This excludes vehicle stocking finance of £1.14m.

During 1983 turnover totalled £18.63m, against £19.88m for 15 months, from which a gross profit of £2.6m (£3.02m) was achieved. The taxable result was helped by a cut in administration expenses from £2.99m to £2.18m and a lower interest charge of £308,422 against £549,862.

Tax took £2,936 (credit £5,964) and extraordinary debits accounted for £71,619 (£65,692). There were earnings per share of 4.6p compared with losses of 23p.

Looking ahead to the current year the group expects to obtain further benefits from measures already taken to improve management at all levels and to rationalise and modernise its dealerships.

The directors say that the new petrol station at Finchley, North London is scheduled for completion in July and they expect it to contribute to profits in the second half.

The unprofitable BL franchise in Finchley was closed last October.

They say that the rebuilding of the Portsmouth premises was completed in December and are confident that it will make a "considerable contribution" to profits this year.

The company's executive directors have given irrevocable undertakings to subscribe for rights entitlements amounting to 201,094 new ordinary (6.8 per cent).

Mr J. R. Glanfield, the chairman, members of his family and the trustees of the Glanfield family settlement will not take up the 1,225,868 new ordinary (41.7 per cent) which will be provisionally alloted to them.

Liberty Life Special Situations Fund has increased its holding of "B" ordinary to 115,000 shares (8.3 per cent).

Corah recovers and turns in £2.68m for year

THE SECOND half year for Corah has seen a recovery in profits, leading to a pre-tax figure of £2.68m for 1983, compared with £2.58m in the previous year after allowing for an exceptional charge of £350,000. At halfway profits were £400,000 behind.

A split of the profit shows UK £2.41m, against £2.78m, Canada £280,000 (£232,000) and overseas loss £6,000 (£1,000). The group makes knitted clothing and fabrics and is a major supplier to Marks and Spencer. "The encouraging strength of our order book and the present high activity at our factories should enable us to achieve good progress during 1984," reports Mr Nicholas Corah, the chairman.

Sales for the year rose from £52.29m to £59.8m. Tax takes £547,000 (£518,000), leaving a net profit of £2.13m (£2.07m), and there is an exchange gain of £230,000 (£284,000). Earnings are shown at 7.2p (7p) per share and the final dividend is 2.2p to lift the total to 3.7p (3.5p).

Mr Corah says the capital investment programme has strengthened and protected the group's competitive position, and enabled production to keep pace with the increased demand for products over the past few years.

As the group expands "we are achieving an even greater utilisation" of the capital intensive areas of our business, such as knitting, dyeing and computerised cutting, in which so much heavy investment has been made over recent years.

● comment

Having stalled badly at the interim stage Corah's 11 per cent downturn in trading profits for the full year is almost good news. After the surprising collapse of trading margins in the first six months Corah was back over 5 per cent in second half. Even so the 4.5 per cent profits gain on a 21.7 per cent sales improvement in the last six months is evidence enough of the margin pressures which are still very much a feature of life in the textile sector. The company is quick to point an accusing finger at cheap imports from the Far East even though it is heavily defended by Marks and Spencer which takes over two-thirds of output. Corah's share price lacks the performance of some of the other M and S suppliers and since the mid-seventies an investor would probably have been better off with the retailer's stock than this manufacturer's. But even so in terms of the textile sector as a whole the price has performed well. At 70p the 7.8 per cent yield is in touch with Corah's income stock image. Profits might climb to well over £3m if sales and margins come right but then the City was talking of over £3m a year ago for 1983 and historically Corah's path seems to have more than its fair share of banana skins.

COMPANY NEWS IN BRIEF

Net asset value per 25p share of the Fleming Enterprise Investment Trust rose by 70.1p to 248p over the 12 months ended December 31 1983. Available profits for the six months to end-December emerged slightly lower at £296,183 (£302,778) after tax of £137,006, compared with £143,986.

Earnings were the same at 3p per share. Franked investment income totalled £456,688 (£479,854) and unfranked income £25,087 (£8,881). Deposit interest was up at £29,185 (£25,860) as was underwriting at £14,688 (£3,630). Management expenses accounted for £82,333 (£71,066) and bank interest £126 (£426).

* * *

The directors of London Brick have resolved to rescind payment of the second interim dividend of 2.86p net per ordinary stock unit which they previously resolved would be paid on April 10 1984 to stockholders on the register on March 27.

* * *

Increased taxable profits have been reported by Needlers, chocolate maker and confectioners, of £190,085 for 1983 against £135,198.

Turnover was up 11 per cent at £9.67m (£8.69m), tax was £38,333 (£32,561) and earnings per share are shown as 7.1p (4.6p). The dividend is 4.2p (4p) net.

The company says it has achieved a useful growth in its main brands, particularly Jersey toffee and eclairs. While the UK sugar confectionery market has kept falling its newest plant is running on a two shift basis.

Export turnover has increased 62 per cent and the board is optimistic about this year's export prospects. It also expects a reasonable profit increase in 1984.

* * *

Mechanical and electrical engineer Davies & Metcalfe reports a setback in profit from £1.01m to £823,000 for 1983, after showing an increase for the first half.

The net profit came out at £268,000 (£675,000) and the final dividend is 1.58p for a net total of 2.21p (2.11p).

* * *

Mr J. F. Vernon, chairman of Brooke Tool Engineering (Holdings) told members at the annual meeting that the company was now a small but strong group with four main subsidiaries.

He believed that it was soundly based with good prospects.

BANK RETURN

	Wednesday March 7 1984	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	1,008,874,018	+ 960,845,066
Bankers Deposits	706,793,685	— 60,221,280
Reserve and other Accounts	1,432,185,876	— 7 793,718
	3,162,406,578	+ 892,830,151
Assets		
Government Securities	373,246,402	— 58,515,896
Advance & other Accounts	640,636,007	+ 84,766,328
Premises Equipment & other Secs.	2,142,289,098	+ 853,170,630
Notes	6,088,137	— 6,565,687
Coin	146,934	— 25,924
	3,162 406,578	+ 892,830,151
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	11,490,000,000	+ 20,000,000
in circulation	11,483,911,863	+ 26,566,687
in Banking Department	6,088,127	— 6,566,887
Assets		
Government Debt	11,015,100	—
Other Government Securities	1,837,650 278	— 63,460,388
Other Securities	9,641,334,622	+ 83 460,388
	11,490 000,000	+ 20,000,000

UK COMPANY NEWS

Framlington profits jump 61% to £0.7m at midway

MORE FAVOURABLE trading conditions in the first balf of 1983-84 have boosted taxable profits of Framlington Group, investment bolding rompany, by 61 per cent from £421,000 to £680,000 in the six months to December 31 1983.

Sales have more than doubled to £26.35m (£11.35m), providing a gross profit of £952,000 (£537,000). That and higher receivable management charges of £429,000 (£222,000) raised the gross profit on fund msnagement to £1.38m (£759,000).

Tax took £341,000 (£215,000). Minority debits took £26,000 last time. Earnings per share are shown as 18.96p (11.37p).

A £60,000 provision for a 3p interim dividend leaves a retained profit of £279,000 (£180,000)—the company's shares are traded on the Unlisted Securities Merket.

The group says sates in January and February heve been buoyant, due largely to the rerord launch of the Framlington Japan and General Fund.

Group funds under management at February 29 were £219m (February 28 1983, £132m).

● comment

Framlington's policy of not paying intermediaries the customary 1¼ per cent "marketing allowance" makes it beavily reliant on direct sales to the public. That means a hefty edvertising bill, which in these figures bas nearly doubled to £198,000, and will increase further in the current half as the £143,000 spent on promoting the new Japan and General Fund comes througb. However, the media bill la still around twice rovered by the withheld marketing allowance, and the sleep rise in funds under management indicates thot the policy continues to pay off. Indeed, the biggest source of additional revenue came from initial charges, which nearly tripled to £920,000. In the current half, funds under management have received a boost from Japan and General, which has pulled in a further £4.5m since its £21.5m initial offer, which was an industry record. Plans for a life insurance operation to setl self-employed pension contracts have been delayed, so that venture is unlikely to start contributing until next year at least. For this year, £1.9m pre-tax looks easily within reach, putting the shares, up 45p to 775p on a multiple of just over 16, for a yield of 1.2 per cent, assuming a 3.5p final dividend.

COMPANY NEWS IN BRIEF

Beechwood Group, civil engineering contractor, has gone into receivership. After calling a halt to trading in its shares at the beginning of tbe week, the board was asked by Barcleys Bank to appoint Mr Richard Smart and Mr Tim Reece of Deloitte Haskins and Sells as joint receivers and managers.

* * *

An increase of 19.5 per cent in net asset value to 218p, compared with 182.5p has been shown by the **Family Investment Trust** for the year to the end of January 1984. At the six months stage the figure stood at 195.7p.

The final net dividend has been lifted from 3.9p to 4.1p, which raises the total for the year from 6.3p to 6.6p. Earnings per 25p share rose from 6.19p to 6.62p.

Net earnings amounted to £291,104 (£272,539) after tax of £126,951 (£117,213).

Gross revenue came to £492,226 (£448,072), including £448,306 (£419,206) investment income. Administration expenses took £72,999 (£56,844) and bank interest £1,172 (£1,476).

The company is a publicly-quoted investment trust which is managed within the Kleinwort Benson Group and which specialises in smaller companies.

* * *

Microfilm Reprographics, a USM company, returned pre-tax profits of £101,[illegible] for the half-year ended December, 1983, compared with previous lossea of £109,930, and trading since then indicates that profits for the second six months will exceed those now reported.

The net interim dividend is being cut from 1.25p to 0.5p per 10p share, but the directors explain that this is being done in order to conserve casb for expansion and development.

As a matter of policy, they intend thst the larger divtdend should, in future, be the final payment.

Turnover for tbe opening half rose by £208,096 to £848,697. The results included turnover and profits for the full six months of a subsidiary acquired last September.

MINING NEWS

Gold Fields near to Hemlo farm-in deal

MR MURRAY PEZIM, the Vanrouver promoter who heads a group of western Canedian exploration companies involved in the exciting Hemlo gold camp in north-western Ontario, says that s formal agreement between the group and London's **Consolidated Gold Fields** may be reached within the next few weeks.

The group includes **Autocrat Resources, International Corona Resources, International Laco Resources, International Rhodes Resources, Rabbit Oil and Gas, Triple-Crown Resources** and **Youngman Oil and Gas**.

Mr Pezim said that the agreement would be subject to approval of all requisite regulatory authorities. It would provide for Gold Fields to inveat in the sbares of eech company—with the exception of International Corona—and to undertake a commitment to spend on the exploration of each company's property.

The aree over which International Corona proposes to grant an option to Gold Fields is the Rous Lake property and not the one beIng developed by Teck Corporation, Mr Pezim added.

Harmony Gold

A REDUCED final dividend of 105 cents (59.4p) is declared by South Africa's **Harmony Gold** for the year to June 30. This follows the increased interim of 130 cents and thus leaves the year's total at 235 cents, the same as in 1982-83. Last year it was hoped that it would have been possible to raise the latest total to about 260 cents.

Amgold stages a good recovery

BY KENNETH MARSTON, MINING EDITOR

THE Anglo American Corporation group's major South African gold share investment company, **Anglo American Gold Investment** ("Amgold") has maintained the improvement seen in fortunes during the first half of the year.

Consequently, net profits for the full year to February 29 have moved up to R238.6m (£135m), or 1,087.2 cents per share, from R195.6m in the previous 12 months.

The final dividend is lifted to 525 cents to make a year's total of 1,025 cents against 860 cents, thus fully restoring the cut made in 1982-83.

As a holding company, Amgold's gold investment income tends to lag behind the course of bullion prices which were falling for most of its financial year.

At the same time, however, the revenue received by the South African prodncers was cushioned by the weakness of the South African rand against the U.S. dollar in which gold salea are made.

The dollar is now easier and so is the dollar price of gold when compared with the 1983 everage of $423 per ounce although it is too early to say that Amgold's earnings will necessarily be lower in the current year.

Reflecting the recent rise in gold share prices, the net asset value of Amgold amounted to R180 (£101.90) per share on February 29 compared with R137.70 a year previously. The shares look to be fairly valued at the current London price of £87½ to yield 6.7 per cent on the new dividend total.

	1984	1983
	R million	
Investment income	242.0	196.8
Interest	10.0	10.7
Surplus on realisation of investments	—	1.0
Making	252.0	208.5
Admin. and other exp.	3.2	3.4
Interest paid	0.1	0.2
Prospecting costs	6.9	4.8
Profit before tax	241.8	200.1
Tax	3.2	3.8
Profit after tax	238.6	196.3
Pref. dividends	—	0.7
Attributable	238.6	195.6
Earnings per share	1087.2c	890.9c
Dividends	225.0	188.8
Retained	13.6	6.8

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Breville Europe, Christy Brothers, Harmony Gold Mining, Link House Publications, Yarrow, Zambia Copper Investments.

Finals: Alliance Trust, Berkeley Exploration and Production, General Mining Union Corporation, Kode International, Lloyds Bank, Macallan-Glenlivet.

FUTURE DATES

Interims—

Brooke Bond	Mar 15
Burgess Products	Mar 30
Howden	Mar 15
Maunders (John) Construction	Mar 20
Paterson Zochonis	Mar 20

Finals—

Barker and Dobson	Mar 16
Britannic Assurance	Mar 21
Cape Industries	Mar 27
East Lancashire Paper	Mar 15
Edinburgh Fund Managers	Mar 19
Fisher (James)	Mar 15
Great Northern Telegraph	Mar 15
Morrison (William) Supermarkets	Apr 5
Pentos	Mar 12
Palma	Mar 30
Pittard	Mar 20
Rowntree Mackintosh	Mar 14
Southampton Isle of Wight and South of England Royal Mail Steam Packet	Mar 30
VG Instruments	Mar 21

Seltrust struggles—but not without hope

THE **British Petroleum** group's 75 per cent-owned Australian mining subsidiary, **Seltrust Holdings**, suffered an increased loss last year of A$10.59m (£6.8m) compared with a loss in 1982 of A$8.34m.

The major adverse factors were lower profits at the Western Australian Mount Newman iron ore mine in which the company has a stake of 5 per cent and also at the drillship Regional Endeavour.

Mount Newman suffered from industrial dispules and e reduced demand for iron ore from the Japanese steel mill customers. Lower earnings of the drillship resulted from its dry-docking for rontine maintenance wbich cut operating availability by 55 days.

Operating losses were reduced at the 60 per cent-owned Agnew nickel and Teutonic Bore copper-zinc-silver mines thanks to lower operating costs and improved efficiencies.

Operations at Teutonic Bore have about two years to run during which mining work will cease and sales will be made from stocks, but the overall level of sales sbould be maintained.

Agnew is the company's major asset and after a somewhat chequered career it holds the promise of coming right, given better metal prices. A current exploration programme into its lower orebodies is designed to pave the way for a decision in mid-1985 on an expansion programme for the mine.

Meanwhile, Seltrust has recently announced encouraging drilling results at its 67.5 per cent-owned shallow Temora gold prospect near Wagga Wagga in New South Wales.

Further news on this may be forthcoming in either the next quarterly report or at the Seltrust meeting on May 1.

From the drilling results so far announced the Temora deposit holds the promise of becoming a modest-sized open-pit gold mine which could be brought to production fairly quickly.

At all events, the indications are that it should be possible by about mid-year to take a mining decision. Seltrust shares were unchanged at 62p yesterday.

*

CANADA'S gold-producing **Lac Minerals** is to offer a U.S.$50m (£34m) Eurodollar debenture issue in the form of units. Each will comprise one U.S.$1,000 debenture due April 15, 1989, and gold warrants. The warrants will entitle the holder to purchase 0.5 oz gold from Lac up to April 15, 1989.

BIDS AND DEALS

Marston claims control of Border

BY CHARLES BATCHELOR

THE hotly-contested bid battle for Border Breweries (Wrexham) has ended in an apparent victory for Marston, Thompson and Evershed, a brewery based in Burton-on-Trent, with an offer worth £13.64m.

Its main rival, Forshaws Burtonwood Brewery of Warrington withdrew from the bidding late on Wednesday saying Border had failed to provide the information it needed to make an offer worth more than 250p per share. A third company reportedly waiting in the wings failed to emerge.

Marston, which already owns 13.46 per cent of the Border equity, said it has undertakings from the owners of a further 37.93 per cent taking its total stake to 51.39 per cent.

Marston is offering two of its own shares and 130p in cash or loan notes for each Border share. Marston's shares fell 2p yesterday to 62p to value each Border share at 254p.

Border's shares fell sharply on news of the bid agreement to close 43p down at 245p. Burtonwood fell 15p to 335p.

The bid battle ended with a charge from Mr Graeme Dutton Forshaw, chairman of Burtonwood, that the final Marston offer was not much higher than the 250p level at which Burtonwood stopped bidding.

"We were led to believe we were competing against 275p," he said. "We could have gone above that figure. What they have done is perfectly legal but whether it is in the spirit of the Takeover Code is another matter." Kleinwort Benson, financial advisers to Border, said that Border had given Burtonwood an extension until close of business on Wednesday to produce firm proposals even though it was not clear that an offer of more than 250p was within the existing resources of Burtonwood.

Border had previously made it plain to Burtonwood that the composition of its offer, in cash with a loan note alternative, was not one which it favoured, Kleinwort said. The likelihood that shareholders who accepted this offer would face capital gains tax liabilities meant an offer in this form would have to be much higher than the Marston offer.

Robert Fleming, which advised Marston, was critical of a Burtonwood's statement that it was contemplating making a revised offer well above 250p. This had raised false expectations among investors, it said.

Border is predominently an ale brewery with fragmented sites which has been adversely affected by the growing popularity of lager, Fleming said. A combination of Border and Marston would allow for a mutual exchange of brands between their pubs.

Irish Distillers agreed £13m bid for BWG

BY CHARLES BATCHELOR

Irish Distillers, the Dublin-based Jameson and Old Bushmills whiskey group, is making an agreed I£15.5m (£12.6m) cash and share bid for BWG, formerly known as Brooks Watson Group, the Dublin-based distributor of food, drinks, farm machinery and pharmaceuticals.

This move is intended to provide Irish Distillers with a broader home base from which to continue its spirit exports campaign. Sharp increases in Irish excise duty have reduced the home market by one-third in volume terms in the past four years.

BWG yesterday announced that pre-tax profits for the year ended December 31 1983 rose to I£2.6m, against I£2.28m, on turnover which increased from I£122.6m to I£128.8m. Earnings per share rose to 7.4p (6.05p).

Irish Distillers is offering one of its own shares and I£1.92p in cash for every four BWG shares. Its shares were unchanged at 165p yesterday while BWG rose 8p before being suspended at 65p.

It is also providing a cash alternative of I£0.93p per share underwritten by the Investment Bank of Ireland.

BWG directors intend to accept in respect of their own and family holdings amounting to 2.23m shares equal to 12.8 per cent of the equity. Irish Distillers at present owns no BWG shares.

Mr Richard Borrows, Irish Distillers' managing director said: "We have been developing our export business and this now accounts for more than 50 per cent of our total volume. We have always felt the need for a strong home base but our home market has been falling rapidly as a result of excessive excise duties and the general recession."

He added "BWG will give us a strong home base in food and drinks distribution which accounts for £85m worth of their total turnover. It is a well-managed company with a good track record and of the sort of size that we can comfortably accommodate."

The Irish spirits market has fallen from 2.1m cases in the peak year of 1979 to 1.4m cases last year. Irish Distillers is the largest company in this market with pre-tax profits at a record £9.71m in the year ended September 30 1983, despite a I£5m drop in turnover to I£127m.

Bowthorpe to buy balance of SBD

Bowthorpe Holdings has reached agreement in principle to acquire the 1.08m outstanding shares in SBD Electronic Systems of the U.S. for some £4.32m in cash.

The transaction is subject to preparation and execution of definitive agreements. Approval of those agreements by both boards and the shareholders of SBD and to certain conditions of completion, including a requirement that SBD's income before tax for the year ended June 30, 1984 will not be less than U.S.$1.1m.

SBD designs and manufacturers advanced military specification custom, switched mode, electronic power supplies operating at high switching frequencies. These are used to convert and stabilise available sources of electrical power into power, usable by sophisticated electronic systems.

For the year ended June 1983, SBD reported net sales of approximately $3.8m and income before tax of approximately $948,000 ($842,000 in 1982. Net worth at June 30 1983 amounted approximately $2.4m.

The acquistion of SBD will be effected by a member of SBD with a newly-formed subsidiary of Bowthorpe International.

About 45 per cent of SBD's shares are held beneficially by four principal executives of the company and their immediate families who have agreed to vote in favour of the deal.

The SBD directors will continue to manage the business following the transaction.

Redland reshaping Cawoods operations

By Ray Maughan

Redland, the building materials group, has undertaken several changes in Cawoods, the minerals and fuel oil distributor it acquired in 1982 for £135m.

Cawoods' core industrial fuel oil distribution business is being doubled with the purchase for £7.3m of Shaws Fuels from the Sykes Group of Huddersfield. The deal means that Cawoods share of the industrial fuel oil distribution market rises to some 10 per cent and confirms its dominant position among the independent distributors. Its annual profits have approached £1.2m.

At the same time, Redland is disposing of Cawood's peripheral activities. Its leasing operation has gone to an unnamed buyer for £10.6m and the sale includes both the leasing book and the tax position. Redland was advised by Morgan Guaranty in this transaction.

In addition, the chain of 11 builders merchants has been sold to Coalite for £4.25m—the consideration is understood to represent an earnings multiple of 11—and Cawood's LPG subsidiary, Portagas, has been sold to Flogas for £1.2m. Redland estimates that the goodwill paid for Shaws equates broadly to the premium over asset values obtained on the builders' merchants and LPG disposals.

BIDS AND DEALS IN BRIEF

Offers on behalf of Vinten for SIG Davall became fully unconditional on February 24. As of March 8, acceptances had been received in respect of 7,496,083 (96.66 per cent) of the ordinary (and deferred ordinary) share capital and 1,028,427 (99.1 per cent) of the preference (and deferred preference) share capital.

* * *

Ellerman Holdings and its subsidiary Cameron, have announced that recommended cash offers will be made on behalf of Ellerman Lines to acquire all of the preference shares of J. W. Cameron as follows: 73p in cash for each 5 per cent preference share; 87.5p in cash for each 6 per cent preference share.

Preference shareholders (including Ellerman Holdings which holds about 69 per cent of the 5 per cent cumulative preference shares and about 74 per cent of the 6 per cent cumulative preference shares) of 98.72 per cent of the 5 per cent cumulative preference shares and 99.16 per cent of the 6 per cent cumulative preference shares, have given irrevocable undertakings to accept.

The directors of Cameron recommend acceptance.

* * *

BP Chemicals is negotiating the sale of its Sandbach division to Hays Group. The purchase price of the sale, scheduled to be completed on April 1, is not being disclosed.

The modern production plant at Sandbach, Cheshire, employs 232 people and manufactures chlorine, caustic soda, sodium hypochlorite, hydrochloric acid and hydrogen. It is the second largest producer of chlor-alkali products in the UK but is, however, the company's only inorganic operation.

* * *

Comfort Hotels International announces the finalisation of negotiations for acquiring a majority stake in the 95-bedroom, three-star Hotel Sainte-Anne, Paris.

* * *

In view of the changed circumstances concerning its bid for Michael Black following the rival bid by Emess Lighting, Highgate and Job and its associates now wish it to be known that they may now be purchasers of the shares of Michael Black through the open market.

* * *

Laurence Gould and Co, the agriculture, agro-industries and rural development consulting group, has broadened its operational base by acquiring Fisheries Development, a fisheries and fish farming consultancy.

* * *

Mallinson-Denny, a member of the Brooke Bond Group, has completed the acquisition of Thames Timber Company and its operating subsidiary Parker Kislingbury & Co, a specialist hardwood company based at Eardisley, near Hereford, for a total consideration of £4.6m payable partly in cash and partly in loan notes.

The acquisition establishes Mallinson-Denny as the largest single specialist hardwood operation in the UK.

* * *

Anglo-Indonesian Corporation has acquired a further 34.2 per cent stake of its partly owned subsidiary Acotupy Industrias Metallurgicas from Commonwealth Development Finance. The consideration was £180,000 of 7½ per cent loan note 1989, convertible into Anglo-Indonesian ordinary shares in 1987-89 at 160p per share.

A third aim—to bring into the group a new division—was under consideration. Mr Piasecki pointed to "rumours" that Mr Gover planned to back his insurance business into the group: "I merely point these rumours out," he said. "Of course I cannot comment on them."

* * *

Scottish papermakers, Tullis Russell has purchased Coated Papers Limited. CPL was formed two years ago with £200,000 of equity as a joint investment by CIN Industrial Investments and Citicorp Capital Investors.

* * *

The directors of Oil and Associated Investment Trust have written to shareholders saying that they and advisors, Kleinwort Benson, strongly recommend acceptance by March 16 of the Cluff Oil cash alternative, in view of the 66.5 per cent acceptances received up to March 1.

* * *

Clyde Petroleum has completed the acquisition of the interests held by Sapphire Petroleum in certain Clyde-operated properties in the U.S. Clyde has issued to Sapphire 320,000 ordinary shares, credited as fully paid, by way of consideration.

* * *

European Assets Trust—Standard Life Assurance Co has increased beneficial interest to 5,275,000 shares (21.153 per cent), as a result of a purchase of 400,000 shares.

Sumrie Clothes—Wincham Investments has disposed of 10,000 shares, reducing its holding to 185,300 shares (7.40 per cent).

GOPENG CONSOLIDATED p.l.c.

CHAIRMAN'S STATEMENT

The financial year ended 30th September, 1983, has been a period of great upheaval under exceptionally difficult circumstances.

Your Board and its advisers have been involved with the Perak State Development Corporation in successful but lengthy negotiations on proposals that will satisfy the requirements of the Malaysian Authorities in the matter of Bumiputera Participation and transfer of residence to Malaysia, whilst at the same time, operations at the mine have had to be conducted under conditions of severe restriction, due to the Tin Export Control quotas.

Accompanying the accounts is the Scheme Document containing the proposals for the Restructuring of the Company and I emphasize the importance to the future of the Company of implementing the proposals and obtaining the renewal of the mining leases and power permits, these being essential for the continuation of the Company's operations.

The consolidated accounts for the Group's financial year show a gross profit of £3,408,450 compared with £3,081,241 for the previous year. After taking into account investment and sundry income, and allowing for depreciation and other charges, the overall profit on ordinary activities amounts to £3,090,408 before taxation and the minority interest, compared with £3,490,096 in the previous year.

Under the terms of the Agreement concluded with PSDC on 17th October, 1983, no dividends have been declared since the first interim which was paid on 4th July, 1983.

During 1983 the restriction imposed by the International Tin Council continued at 36% of producing members exports for the first three quarters covered by this report and at 39% for the final quarter, at which level it has since remained. The tin price itself varied little as the Buffer Stock Manager successfully supported the floor price under the terms of the Sixth International Tin Agreement.

Tin Export Control quota on operations at the mine produced a domestic sales cutback for the year of 43.4 per cent, the result of which was an increase of mine head stocks.

The results achieved during the year under review can be considered to be satisfactory under the present state of the world tin market and the amount of sales quota available. The future, however, will remain difficult until world tin metal stocks are reduced and it becomes possible to reduce the accumulating mine head stocks which threaten our mining operations as they approach maximum permissible limits.

The restructuring proposals are therefore being made at a time of depressed trading and uncertain prospects. Nevertheless I would emphasize again the reasons for recommending the acceptance of the terms offered, in that the advantages of doing so, in the longer term, outweigh the disadvantages, however obvious the latter may seem. The potential value of the Company after restructure may be summarised as follows:—

On the mining side there will be assured reserves for at least 10 years with prospects of extension together with the possibility of new areas being offered through our agreement with Perak State Development Corporation. Mambang Di-Awan Sdn. Berhad, our joint venture company, has two potential new operating units available for development once tin control is lifted, which will result in a considerable increase to the Group's production. On the rubber estate the Company embarked some years ago on a comprehensive replanting programme. By the mid-eighties these replanted areas will become available for tapping and should result in a substantial increase in rubber harvested.

The value of the Company's potential production will, however, be dependent on world commodity prices which in turn depend on levels of demand. Thus this Company is in a very good position to benefit from a major improvement in world market conditions when this occurs.

J. D. HELLINGS, *Chairman*

THE PROPERTY MARKET

BY MICHAEL CASSELL IN CHICAGO

A breeding ground for revolution

ONLY CHICAGO'S office towers rise above its irrepressible optimism. A city which has recently had its fair share of economic hardship is regaining its confidence, and preparing to express it in the way it knows best—through its buildings.

Ever since the neo-Gothic Tribune Tower and the French-Renaissance-style Wrigley building became classic landmarks in a place better known for gangland anarchy than for architecture, Chicago has been a breeding ground for a revolution in real estate.

The city's obsession with high buildings was sparked off as long ago as 1886 with construction of The Rookery on South La Salle Street, now the oldest remaining steel-skeleton skyscraper in the world. It was confirmed with the construction of the John Hancock Centre and the Standard Oil building and finally crowned with the completion in 1974 of Sears Towers, still the world's smallest office building.

From the skydeck on the 103rd floor you would be hard pressed to see forever, but you might be able to spot Crystal Lake and Kenosha nearly 50 miles away and you can certainly see why Chicago thinks its skyline is something special.

The City's reputation for property pioneering was further enhanced with the development of Water Tower Place, the U.S.'s first major vertical shopping centre opened on North Michigan Avenue, in 1976. The most recent talking point, however, is the nearly-completed State of Illinois building.

Though the building may prove outrageously expensive and not to everyone's liking, it at least has an occupier which is more than can be said for much of the office space around it.

The downturn in the U.S. economy his Chicago's traditional manufacturing industries and gave the city an above-average unemployment rate. Office occupiers retrenched and the stock of unwanted floor space rose rapidly.

When the locally-based Real Estate Research Corporation went on the record and said that Chicago had enough downtown office space to meet demand for the next 11 years, confidence hit a new low. Many people disagreed with the severity of the forecast, but few could pretend that the situation was not serious.

Even the most optimistic observers admitted the recession had played havoc with the balance between supply and demand, pushing vacancy rates up into double figures and forcing big rent concessions from worried landlords. While a little over 2m sq ft of downtown office space was taken up by tenants in 1983, no less than 6m sq ft of new office accommodation hit the market.

But while the stock piled up, the city's principal office towers managed to keep themselves above the crisis.

Just five major office buildings — Sears Tower, Standard Oil, Hancock, One First National Plaza and Three First National Plaza — between them provide around 10m sq ft of office space, or about one ninth of the total downtown market.

In the 4.5m sq ft Sears building vacancies have remained minimal and rents have held up, reaching towards \$30 a sq ft, when most have been stuck around \$20 a sq ft. In the other "Big Four," vacancy rates have also been small and rents have stayed firm.

Latest estimates suggest that available office space may now be sufficient to meet about three years of normal demand, and it is declining.

Developers are already dusting off their blueprints, and a fresh wave of speculative building could soon be on the way.

In the last decade, downtown Chicago found room for 20m square feet of new office space. The city's economic development commission reckons another 30m square feet will arrive in the next ten years. Chicago may be down but it doesn't appear to be out.

Chicago: a city obsessed with high buildings.

How the outlook for Slough Parks could soon change

SLOUGH ESTATES' progress in the U.S. has been low key and limited, but all that could soon change if Bill Pickrell gets his way.

Mr Pickrell is president of Slough Parks, the U.S. operating company which was set up a little over one year ago to build on the business base created through Slough's joint venture operations with Draper and Kramer, the Chicago-based real estate service and development group.

The partnership has given Slough an 80-20 per cent share in several investment properties, principally in the Chicago metropolitan area, comprising around 1m sq ft of industrial, office and retail space with a market value of around \$50m.

Through a limited partnership established before Slough Parks was set up, the operating company now holds a 25 per cent stake in an 850,000 sq ft office building on West Monroe Street and in a Washington, Illinois, shopping centre.

This year the wholly-owned subsidiary will, on its own, develop 60,000 sq ft of "high-tech" floor space in San Diego, but it seems this could be the start of a much more ambitious expansion programme.

Mr Pickrell, a former Draper and Kramer man, who spent six months in the UK seeing how Slough works, has a clear list of options to work on.

"We are looking for companies to buy which could represent investments of anything up to the \$100m mark. They could be businesses facing problems or family owned real estate companies."

Mr Pickrell says the first step could be a partnership deal in order to establish whether the relationship works, but he emphasises that acquisitions are at least a couple of years off and that no candidates are yet in view.

The operation also intends to grow in other ways. As in San Diego, specific partnership deals will lead to profit-sharing arrangements and Slough may also buy land and act as development agents.

Mr Pickrell adds: "Our prime target markets are centres like Phoenix, San Francisco, Tampa and Boston, and we will be promoting Slough as a suitable development partner wherever opportunities arise." Today, the Bath Road, tomorrow Boston?

Why the 'windy city' is now Martin Barber's kind of town

MARTIN BARBER may not be the biggest name in town, but he reckons he can teach the locals a thing or two about the development business.

Mr Barber was the man who started his own London estate agency at the age of 19 and rapidly built it up before he and his business were acquired in 1969 by Leonard Eppel, who had just established Arrowcroft Investments.

He stayed with Eppel for three years, left when he "got bored" and from about 1974 onwards amassed his own portfolio under the Capital and Regional banner.

After spending nearly four years looking at the U.S. market he found his first opportunity in Chicago—an office and retail refurbishment along North Michigan Avenue, the shopping street which likes to think it has got the edge on Fifth Avenue. "We took a long close look at the market and realised that most British developers were getting beaten to the deck. But top quality restoration is one field where we can teach something to the Americans. We reckon we are better than Haslemere," he adds confidently.

The Michigan Avenue scheme involves the restoration of a self-contained 20,000 sq ft property which Mr Barber acquired last July. The building, which offers less space than some of the entrance halls in this part of the world, is in the final stages of completion and a tenant for most of the accommodation is lined up.

With a development value of about \$6m, Mr Barber has used non-recourse bank financing on the investment and he thinks he is the first UK developer to syndicate the tax benefit attached to this type of speculative scheme.

Mr Barber adds: "We have a UK investment portfolio of around £10m, but the plan is to make the US market much more important than our domestic business and we needed a flagship to show people what we could do."

Mr Barber's man in Chicago, is John Gates, formerly with Jones Lang Wootten. Mr Gates says another Chicago project, worth around \$10.5m, is ready to go and the company is looking for other prime city centre opportunites along the east coast.

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FINANCIAL TIMES

Friday March 9 1984

Middle European Gas Pipeline in novel Ecu floater, Page 40

WALL STREET

Calm mood in wake of concern

A CALMER mood prevailed on Wall Street yesterday, after the sharp sell-off in the previous session in response to the latest expression of concern over trends in the U.S. economy from Mr Paul Volcker, chairman of the Federal Reserve Board, *writes Terry Byland in New York.*

The bond market opened lower, but Prices rallied after Mr Tip O'Neill, the Speaker of the House, suggested that Congress might act on the federal deficit before Easter.

However, reports of his comments were soon followed by fresh warnings on the deficit problem from the Fed.

The rally in bonds helped stock prices resume an attempted recovery which had fizzled out in the first hour of trading.

Leading stocks began to edge forward, helped by suggestions from analysts that a technical rally was due.

At the close, the Dow Jones industrial average showed a gain of 3.46 at 1,147.09.

In the stock market, Gulf Oil was heavily traded again, adding $3¼ to $68¾, after Standard Oil of California had said it would sell off any assets of Gulf other than oil and gas assets, in order to secure anti-trust clearance for the proposed $13.3bn merger.

Other oil stocks remained quieter than in the recent hectic, bid-inspired, trading sessions. Texaco, et $38¾, gave up another $⅝, but turnover in the shares slowed substantially as investors accepted the repurchase of the Bass brothers' stake as the ending of further bid speculation, at least for the moment.

Superior Oil, another recent takeover favourite in the oil sector, also slipped back to show a fall of $⅝ to $38¼.

But among the industrial leaders, IBM edged higher to show a gain of $½ at $108½. Exxon, at $38¼, put on $¼, Texas Instruments $¼ to $125⅝ and Monsanto $½ up at $85½.

The motor sector remained out of favour as the season for wage negotiations draws near. General Motors, likely to be a target for union negotiations in view of its profit success, dipped $¼ to $66⅝.

Concern over Interest rates and inflation remained the chief factor behind the market's uncertainty. The federal funds rate edged up to 9¹¹⁄₁₆ per cent, despite a further $1bn in customer repurchase arrangements by the Fed.

This key short-term interest rate, over which the Fed bas considerable influence, has risen by ⁵⁄₁₆ over the past eight trading sessions, despite daily injections of cash into the market by the Fed. This week alone bas seen customers repurchase arrangements totalling $7bn.

The credit markets traded nervously ahead of the announcement of the latest money supply statistics, due late in the session. The market hoped to see the M1 total fall back inside the Fed's growth target range. However, this would not ease fears in some quarters of an imminent tightening of policies. Renewed hints of an increase in the Fed discount rate were whispered in the bond market.

Retail stocks picked up ground, led by K mart, the nation's largest discount group, which added $1 to $30⅝ in active trading after the announcement of its latest profits. Sears Holdings at $34 put on $¼.

The bond market again lacked retail supporters, and with no sign at first of support from the market traders, prices opened with fresh losses of up to ¼ point. The futures market was also weak, with the March contract down ⁷⁄₃₂ at 67²⁴⁄₃₂.

But n recovery was made at mid-morning, when a few professional traders picked up stock to meet sales made earlier in the week

The key long bond, whicb fell to 97⁸⁄₃₂ in early trading, recovered to show e net gain of ¹⁄₃₂ to 97¹⁷⁄₃₂, yielding 12.30 per cent.

Short-term rates remained high, however, with the three-month Treasury bill at a discount of 9.33 per cent, a gain of four basis points, and the six-month hill at 9.45 per cent, up the same amount.

LONDON

Confidence regained after unease

LEADING EQUITIES in London regained confidence after an uneasy opening stemming from Wall Street's third consecutive setback. The FT Industrial Ordinary index recovered some of its composure with a closing gain of 2.3 to 837.7, as concern over U.S. intentions on ICI abated.

ICI finished unchanged at 576p after touching 574p, while Midland Bank, which declared a 10 per cent drop in profits, moved 8p ahead to 410p.

Institutional investors appeared reluctant to enter into new committments ahead of next Tuesday's budget.

Elsewbere, Cadbury Schweppes, indicating improved gross profits and the probability of issuing new shares in the U.S., rose 8p to 136p.

Gilts turned lower on profit-taking and quotations were down by as much as ½.

Details, Page 33; Share information service, Pages 34-35.

HONG KONG

ELECTRONICS and industrial issues remained a feature in Hong Kong yesterday, despite a broad decline which took the Hang Seng index 13.69 lower to 1,077.55.

Hutchison Whampoa fell 20 cents to HK$16.70, while Jardine Matheson slipped 10 cents to HK$12.70. Among the bright spots were Bank East Asia at HK$29.70 and China Light at HK$12.70, both 10 cents stronger.

SINGAPORE

LATE BUYING steadied some early fluctuations in Singapore yesterday, as the Straits Times closed 0.39 lower at 1,022.78.

Boustead Holdings moved 2 cents higher to S$2.82 on good profit results, while Faber Merlin was against the trend in weaker properties with a 5-cent gain to S$1.87 with 1.71m shares traded. Inchcape remained unchanged again at S$2.88.

AUSTRALIA

ANOTHER day of sharp falls in Sydney took the All Ordinaries index to a low for the year of 718.3, a drop of 8.7 points, with weakness evident in resource-related issues.

Santos was a further 28 cents weaker at A$6.90, after reporting that flange problems on the new Moomba Stony Point pipeline would delay the project by four months. Vamgas was also weaker, 5 cents off at A$3.05, despite recent improved results.

Wormald, the engineering and technology group, shed 5 cents to A$3.22 after marginally higher six-month profits of A$10.3m.

SOUTH AFRICA

THE WEAKER bullion price pushed Johannesburg gold shares lower, althougb some interest was evident in other mining issues.

Buffels suffered a R7.50 drop to R81, while Free State Geduld managed to hold its loss to R1 at R54. Industrial leader Barlow Rand edged 15 cents ahead to R14.50.

In coal mines, Anglo American Coal, the country's largest producer, gained a further 75 cents to R27.25, a rise of over R3 in three weeks.

CANADA

OIL and gas issues were the sole firm spot in a much weaker Toronto market yesterday, whicb saw golds slump as the bullion price slipped and base metals producers fell back slightly.

Industrials in Montreal resisted the general downturn while banks and papers weakened. Utilities managed to curtail their losses.

TOKYO

Yen rate prompts fresh fall

THE CONTINUED fall on Wall Street and uncertainty over the yen pusbed stock prices down sharply in Tokyo yesterday, with the Nikkei-Dow market average slipping below the 10,000 level, *writes Shigeo Nishiwaki nf Jiji Press.*

Many leading blue chips lost ground on small-lot selling, and non-ferrous metals and nils also declined. But buying interest in city banks revived in the bearish picture.

The Nikkei-Dow plunged 61.88 to 9,959.32. Trading volume fell further from 289.28m shares to 268.67m sbares, and declines outpaced advances by 471 to 254, with 158 issues unchanged.

The yen, which bad risen sbarply against the dollar in recent days, plummeted on the Tokyo fnreign exchange market yesterday to close at 224.20, down 2.10 from the preceding day.

Many investors, struggling to cbart a clear picture of the course of the yen, refrained from huying. wbile foreigners' small-lot selling and the latest drop on Wall Street dampened investor enthusiasm.

Leading blue-chip electricals and precision instruments – out of favour with foreign buyers for the moment – came under small-lot selling pressure. Matsushita Electric Industrial lost Y20 to Y1,790. TDK Y100 to Y6,510 and Canon Y30 to Y1,320.

Pioneer Electronic and Alps Electric also fell sharply.

Alps declined Y50 to Y2,500 as its recurring profit for the business year ending in March will probably be lower than projected, due mainly to a decrease in its parts supplies to the U.S. computer maker Apple.

Pioneer came under beavy selling and lost Y170 to Y3,060, as Investors were discouraged by prospects that the company will report smaller than expected profits in the business year ending in September.

Non-ferrous metals – which had been ahead on the strength of the yen's rapid rise – were sold, with Sumitomo Metal Mining shedding Y40 to Y1,500 and Mitsui Mining and Smelting Y13 to Y487.

Conversely, banks were in the spotligbt. Fuji Bank jumped Y42 to an all-time high of Y857, bringing other city banks in its wake. Dai-ichi Kangyo Bank surged Y40 to Y800, Daiwa Bank Y25 to Y349 and Sumitomo Bank Y15 to Y924.

Mitsubishi Plastics advanced Y17 to Y374, Wasino Macbine Y22 to Y583 and Tsugami Y10 to Y672 against the backdrop nf their improved business performances.

Bond prices eased as city banks moved to take profits in response to the yen's fall. The yield on the benchmark 7.5 per cent long-term government bonds, maturing in January 1993, edged up from 7.265 per cent on the previous day to 7.275 per cent.

EUROPE

Malaise again takes its toll

THE GENERAL malaise that has undermined the European scene in recent days, took its toll again yesterday and left shares lower overall in almost all centres.

Trading volume was often small and activity featureless in those bourses lacking corporate results to add a spark of interest.

In **Frankfurt**, a late recovery from early lows was seen as a technical reaction to recent sharp declines in a market still oversbadowed by Wall Street's difficulties.

However, most of the business was for domestic customers and little foreign interest was seen. The Commerzbank index, calculated at midsession, dipped 3.2 to 1,011.8.

Motor manufacturers were again among the major losers, with Daimler DM 2.50 easier at DM 563.50, after a low of DM 563.

Holzmann, the heavy construction group, was steady at DM 435 after results that it termed "satisfactory."

Bonds ended lower in a correction described as long overdue following the steady gains of the past fortnight. The Bundesbank bougbt DM 49.5m of paper to balance the market, following sales totalling DM 50.8m in the previous session.

The early spring boliday again subdued trading in **Amsterdam**, and Philips was the centre of attention with its sharply higher than expected 49 per cent rise in 1983 profits. After a lower opening, its shares rose to Fl 50.50 before falling back to close up Fl 2.80 on the day at Fl 49.40.

Another major movement was shown hy retail group Ahold, wbich dipped Fl 8.50 to Fl 210, mainly due to profit-taking after Wednesday's announcement of higher 1983 profits. The fall was attributed to disappointment over an unchanged dividend.

The sharply higher dollar and slump on Wall Street overnight brought profit-taking in bonds, and prices shed up to 40 cents.

In **Stockholm**, interest again centred on Sonesson and Gambro, both of which bad been suspended on Wednesday ahead of the announcement that Sonesson was taking a stake in the medical-technical company.

Both resumed trading SKr 5 below last quoted levels, with Gambro finishing at SKr 276 and Sonesson, an engineering and holding company majority owned hy Vnlvo, ending at SKr 525.

Elsewhere, Ericsson, the telecommunications and electronics group, shed SKr 2 to SKr 358 and Stora Kopparberg, the forest products group, added SKr 5 to SKr 725 in the wake of results.

Sbares eased in **Paris** against the background of a national strike by government workers, which may bave resulted in reduced trading volume.

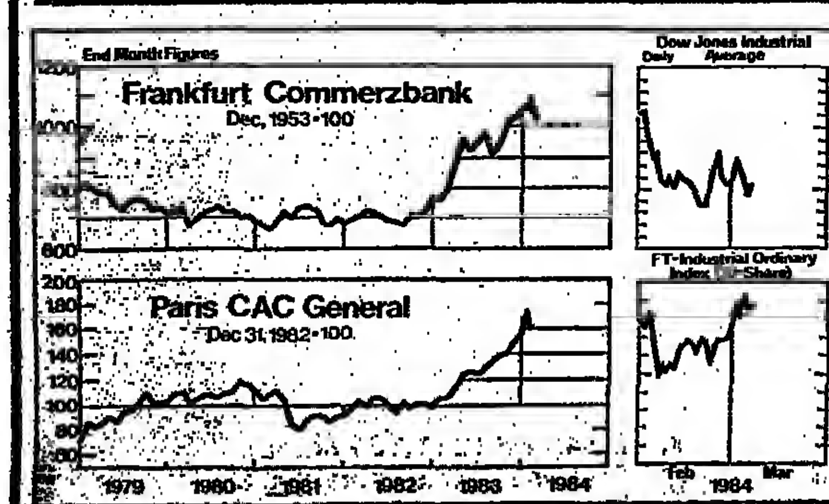
Declines were seen in most sectors, although among generally lower oils and cbemicals, CFP, up FFr 11.90 to FFr 220 and its refining subsidiary, Cie Francaise de Raffinage, which added FFr 6.50 to FFr 111, gained on sharply improved 1983 earnings.

Uncertainty over government decisions on new austerity measures contributed to a further weakness in **Brussels**, while small losses were posted by almost all sectors in **Zurich**, although bonds ended very steady.

Prices were easier in modest trading on end-account liquidation in **Milan**. Pirelli SpA, the tyres and cables group, fell L15 to L1,590 in further reaction to the announcement that its Italian business suffered a sbarper loss last year.

Madrid followed the trend with an easier mood in most sectors.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	March 8	Previous	Year ago
DJ Industrials	1147.09	1143.63	1119.78
DJ Transport	502.57	499.18	502.94
DJ Utilities	126.93	125.86	128.28
S&P Composite	155.69*	154.57	151.26
LONDON			
FT Ind Ord	837.70	835.40	670.70
FT-A All-share	500.06	500.70	419.75
FT-A 500	537.84	538.75	454.36
FT-A Ind	492.50	494.33	427.55
FT Gold mines	696.90	699.80	607.80
FT-A Long gilt	10.06	10.03	10.90
TOKYO			
Nikkei-Dow	9959.32	10021.20	8026.99
Tokyo SE	780.34	781.86	591.72
AUSTRALIA			
All Ord.	718.30	725.00	527.10
Metals & Mins.	494.00	500.20	499.40
AUSTRIA			
Credit Aktien	55.34	55.45	51.15
BELGIUM			
Belgian SE	143.13	143.68	109.25
CANADA			
Toronto Composite	2399.6*	2399.80	2143.10
Montreal Industrials	425.8*	425.32	364.79
Combined	406.6*	406.63	356.52
DENMARK			
Copenhagen SE	195.14	196.21	122.41
FRANCE			
CAC Gen	160.70	161.70	109.10
Ind. Tendance	103.80	104.00	67.70
WEST GERMANY			
FAZ-Aktien	345.23	346.44	279.94
Commerzbank	1011.80	1015.00	837.20
HONG KONG			
Hang Seng	1077.55	1091.44	1014.84
ITALY			
Banca Comm.	217.40	217.55	205.51
NETHERLANDS			
ANP-CBS Gen	158.70	161.50	117.00
ANP-CBS Ind	131.90	132.70	102.20
NORWAY			
Oslo SE	250.80	253.64	149.50
SINGAPORE			
Straits Times	1022.78	1023.17	839.02
SOUTH AFRICA			
Golds	1033.2	1054.90	795.30
Industrials	1036.2	1025.70	829.50
SPAIN			
Madrid SE	119.29	120.17	108.39
SWEDEN			
J & P	1498.46	1500.51	1302.06
SWITZERLAND			
Swiss Bank Ind	362.80	364.10	311.30
WORLD	March 7	Prev	Year ago
Capital Int'l	n/a	184.00	166.60

GOLD (per ounce)

	March 8	Prev
London	$396.25	$399.75
Frankfurt	$397.25	$398.75
Zürich	$397.25	$399.00
Paris (fixing)	$395.46	$401.94
Luxembourg (fixing)	$395.75	$402.75
New York (March)	$396.10*	$398.80

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR March 8	U.S. DOLLAR Previous	STERLING March 8	STERLING Previous
$	–	–	1.458	1.4685
DM	2.587	2.57175	3.775	3.775
Yen	224.45	224.425	327.5	329.5
FFr	7.9725	7.9225	11.62	11.595
SwFr	2.137	2.131	3.12	3.125
Guilder	2.9185	2.879	4.2575	4.2525
Lira	1608.5	1591	2344.5	2347
BFr	52.93	52.24	77.15	77.1
C$	1.26525	1.26025	1.8445	1.8595

INTEREST RATES

	March 8	Prev
Euro-currencies (3-month offered rate)		
£	9⁵⁄₁₆	9⁵⁄₁₆
SwFr	3⁷⁄₁₆	3⅜
DM	5⅝	5⁹⁄₁₆
FFr	16⅛	16⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	10⅝	10⅜
6-month U.S.$	10⅝	10½
U.S. Fed Funds	9¹¹⁄₁₆*	9⅝
U.S. 3-month CDs	9.90*	9.80
U.S. 3-month T-bills	9.34*	9.30

Corporate	March 7 Price	March 7 Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	92	12.25	92	12.25
3⅞ July 1990	68½	10.90	68½	10.90
8¾ May 2000	72⅞	12.80	72½	12.80
Xerox				
10⅞ March 1993	90⅞	12.45	90⅞	12.45
Diamond Shamrock				
10⅞ May 1993	88⅝	12.70	88⅝	12.70
Federated Dept Stores				
10⅞ May 2013	82⅞	12.90	82⅞	12.90
Abbot Lab				
11.80 Feb 2013	91⅞	12.90	91⅞	12.90
Alcoa				
12¼ Dec 2012	92⅞	13.30	92⅞	13.30

U.S BONDS

Treasury		March 8* Price	March 8* Yield	Prev Price	Prev Yield
10⅜	1986	99¹⁷⁄₃₂	11.14	99²¹⁄₃₂	11.05
11⅞	1991	98⁶⁄₃₂	12.12	98¹⁴⁄₃₂	12.09
11.75	1993	97¹⁹⁄₃₂	12.12	97¹⁶⁄₃₂	12.19
12	2013	97¹⁹⁄₃₂	12.32	97¹⁷⁄₃₂	12.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	67–24	67–28	67–18	67–28
U.S. Treasury Bills (IMM) $1m points of 100%				
March	90.69	90.72	90.67	90.74
Certificates of Deposit (IMM) $1m points of 100%				
March	90.05	n/a	90.03	90.09
LONDON				
Three-month Eurodollar $1m points of 100%				
March	89.85	89.88	89.84	89.95
20-year Notional Gilt £50,000 32nds of 100%				
March	109–24	109–28	109–22	109–28

COMMODITIES

(London)	March 8	Prev
Silver (spot fixing)	657.60p	669.35p
Copper (cash)	£989.75	£989.25
Coffee (March)	£2188.50	£2187.50
Oil (spot Arabian light)	$28.57	$28.67

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 32

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full

WORLD STOCK MARKETS

CANADA

(Closing Prices) Stock	Mar 8	Vers.
AMCA Int.	20⅝	- ⅛
Abitibi	25¼	-
Agnico Eagle	19¾	+ ¼
Alberta Energy	18	+ ⅛
Alcan Alumn	42	+ ½
Algoma Steel	25¾	- ⅝
Bk Montreal	26¼	- ⅛
Bk Nova Scotia	13⅛	-
Bell Canada	31½	+ ⅛
Bombardier A	17¾	- -
Bow Valley	24⅛	- ⅛
B.P Canada Res	-	-
Brascan A	37¼	+ ⅜
Brinco	2.54	+ 0.04
B. C. Forest	11¾	-
CIL Inc	29⅞	-
Cadillac Fairv.	11⅝	+ ⅛
Cambell Red Lk	-	-
Can Cement Prf	14¾	-
Can NW Energy	31⅛	-
Can Packers	26½	-
Can Trustco	47	- ⅜
Can Imp Bank	28¾	- ⅛
Canadian Pacific	44⅛	- ⅜
Can. P. Ent.	21⅛	-
Can Tire A	12	+ ⅛
Carling O'Kfe	21¼	+ ⅜
Chieftain	18⅛	- ⅛
Cominco	53	- 1⅛
Cons Bathst A	26¾	-
Copper Lake	3.1	- 0.05
Costain	18	- ¼
Denison Mines A	-	-
Dofasco	18⅝	+ ⅛
Dome Mines	20¾	+ ⅜
Dome Petroleum	40.0	-
Dominion Strs.	19⅛	-
Domtar	32⅞	- ⅜
Falconbridge	64	- ½
Genstar	24⅞	+ ⅛
Giant Y'knife	28⅛	- ⅛
Gt West Life	300	-
Gulf Canada	18	+ ½
Hawk Sid Can	17	- ⅛
Hudson's Bay	22¼	+ ⅛
Husky Oil	10½	-
Imasco	34⅞	-
Imp Oil A	37⅞	+ ⅛
Inco	17⅛	+ ⅛
Indal	11⅝	-
Inter. Pipe	29⅛	+ ⅛
LAC Minerals	35	-
Loblaw	-	-
Macmil Bloedel	30⅛	- ½

DENMARK

Mar. 8	Price Knr %	+ or —
Aarhus Olie	40d	
Andelsbanken	950	
Baltic Skand	530	—5
CopHandelsbank	250	+2
D. Sukkerfab	d50	—5
Danske Bank	287	
East Asiatic	192	
Forenede Brygg.	88d	
Forenede Damp.	190	-4
GNT Hldg.	d70	
I.S.S.B.	578	
Jyske Bank	590	
Novo Ind	2,626	
Privatbanken	290	+1
Provinsbanken	320	+8
Smidth (F)	844	—5
Sophus Berend.	1,186	
Superfos	d29	+4

FRANCE

Mar. 8	Price Frs.	+ or —
Emprunt 4½% 1973	1,875	+18
Emprunt 7% 1973	8,985	—19
CNE 3%	3,465	30
Air Liquide	521	—4
BIC	375	—13
Bouygues	680	+3
BSN Gervais	2,485	—8
CIT-Alcatel	1,555	+84
Carrefour	1,818	-1
Club Mediter'n	815	—4
CFAO	555	+10
Cie Bancaire	444	—3.3
Cofimeg	918.8	—1.8
Creusot Loire	45.1	—0.4
Darty	847	-2
Dumez S.A.	7d1	—8
Eaux (Cie Gen)	507	-4
Elf Aquitaine	817	+0.4
Gen. Occidentale	545	+8
Imetal	78	+2.4
Lafarge Coppee	393.2	+1.3
L'Oreal	8,155	-20
Legrand	2,005	+20
Maisons Phenix	27d	—2.8
Matra S.A	1,587	+1
Michelin B	881	—4
Midi (Cie)	1,380	—10
Moet-Hennessy	1,409	—2
Moulinex	90	
Nord Est	48	
Pernod Ricard	676	
Perrier	526	
Petroles Fra.	922	
Peugeot S.A.	286.2	

NETHERLANDS

Mar. 8	Price Fls	+ or —
ACF Holding	181	—2
AEGON	187.5	—T.5
Ahold	210	—8.3
AKZO	104.8	+0.8
ABN	390	—2.3
AMEV	158.5	+1
AMRO	79.8	—1.3
Bredero Cert	186.8	+0.3
Bos Kalis Westm.	48.8	+0.1
Buehrmann-Tet.	67	—1
Calland Hldgs.	37.5	
Credit Lyon's Bk	33	—1
Elsevier-NDU	580	+40
Gist. Brocades	14d	
Heineken	140.5	+1.5
Hoogovens	48.8	+0.3
Hunter Douglas	83.5	—0.1
Int Mueller	35	—0.4
KLM	178.7	+5.9
Naarden	41.8	—0.7
Nat Ned Cert	818.8	—0.2
Ned. Credit Bank	38.3	
Ned Mid Bank	188.5	—1.8
Nedlloyd	112	
Oce Grinten	241.5	—1.5
Ommeren Van	38.2	—0.8
Pakhoed	64.8	—1
Philips	42.4	+2.8
Rijn-Schelde	4.1	
Robeco	395	—8.5
Rodamco	138.3	
Rolinco	309	—2
Rorento	202.5	+0.1
Royal Dutch	150	—0.8
Unilever	251	
VMF Stork	27.3	—1.5
VNU	154	+0.8
West Utr Bank	88.3	—1

NORWAY

Mar. 8	Price Kroner	+ or —
Bergens Bank	137	
Borregaard	283	—7.5
Christiania Bk.	137.3	

AUSTRALIA

JAPAN (continued)

OVER-THE-COUNTER Nasdaq National Market

Prices at 3pm, March 8

AUSTRIA

BELGIUM/LUXEMBOURG

SPAIN

SWEDEN

SWITZERLAND

ITALY

GERMANY

HONG KONG

SINGAPORE

SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

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NEW YORK CLOSING PRICES

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Indices

NEW YORK -DOW JONES

MONTREAL

TORONTO

WORLD VALUE OF THE POUND every Tuesday in the Financial Times

LONDON STOCK EXCHANGE

MARKET REPORT

Equity leaders close slightly firmer after initial uncertainty on U.S. influences

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Feb 27	Mar 8	Mar 9	Mar 19
Mar 12	Mar 22	Mar 23	Apr 2
Mar 26	Apr 5	Apr 6	Apr 16

* "New-time" dealings may take place from 9.30 am two business days earlier.

U.S. influences made for an uneasy first hour of trade yesterday but London equities slowly regained confidence and closed marginally firmer on the session. Wall Street's third setback in a row exerted much of the initial pressure which centred around market bellwether ICI. Sharply lower late on Wednesday reflecting the completion here of a large U.S. selling order, the bulk of which was done in New York, ICI looked in danger of receding further.

This was not the case, however, and most other leading shares took the hint. Progress was slow because institutional investors appeared reluctant to enter into new commitments ahead of next Tuesday's Budget. Uncertainty about UK interest rates, with the remaining clearers refusing to follow Barclays' lead in cutting base lending rates, was also a deterrent to investment. Illustrating the apathy, the day's range in the FT Industrial Ordinary share index was only 3 points; it closed 2.3 up at 837.7.

Secondary equities benefited as volume in the leaders lessened. Professional operators and smaller public investors were not put off by Budget possibilities, or the approaching end of the fortnightly trading Account. Companies reporting trading statements were favoured, especially Cadbury Schweppes, while speculative and situation issues also claimed attention.

Fresh warnings about U.S. Budget deficits, which took a toll on American bond and credit markets overnight, stifled further support of British Funds; the sector seemed unconcerned over the absence of clearing bank base rate reductions. Quotations opened easier and, on renewed profit-taking, lost more ground to close as much as ½ down on the previous day's 3.30 pm levels. Interest was largely confined to the shorter end of the market where the new tap stock, Exchequer 16 per cent 1989 "A" made its debut in £40-paid form; the stock eased to close at 39¼, a discount of ⅞ on the issue price.

Midland satisfies

The major clearers closed near their best levels of the day, relieved that Midland's annual profits—down 10 per cent to £225m—were no worse than expected; the latter touched 413p before closing 8 better at 410p. Lloyds, which bring the dividend season to a close today, gained the same amount to 598p, while Barclays, still the only clearer to lower its base lending rate, advanced 12 to 530p. NatWest finished 7 dearer at 707p. Elsewhere, German banks gave ground on domestic influences. Commerzbank fell 30 to 940p and Deutsche dropped 2¾ points to £99¾.

Still plagued by Budget tax uncertainties, Life Insurances lost further ground. Britannic were particularly vulnerable and fell 12 to 448p; the results are scheduled for March 21. Pearl relinquished 10 to 768p and Hambro Life dipped 6 to 422p. Elsewhere, Hogg Robinson, still reflecting the bid denial from Marsh and McLennan, cheapened 3 more to 175p.

Border Breweries (Wrexham) dropped 45 to 245p on details of the agreed share-exchange bid terms of 254p per share from Marston Thompson and Evershed, 2 cheaper at 62p. Original bidders, Forshaws Burtonwood, lost 15 at 335p. Higsons slipped 10 to 120p on profit-taking, but Scottish and Newcastle firmed 4 to a new peak of 114p on a resurgence of takeover hopes. Among Distilleries, Macallan Glenlivet advanced 30 to 730p in front of today's preliminary results. Speculation concerning Carlton's stake in the company lifted Invergordon 10 to 160p.

Leading Buildings closed a shade easier as investors remained on the sidelines. Elsewhere, BPB Industries shed 7 to 265p on lack of support, while scattered selling clipped 8 from Ruberoid at 260p and 16 from Burnett and Hallamshire at 180p. Among Timber issues, Magnet and Southerns came on offer and gave up 8 to 146p, while Meyer International eased 3 to 147p. Galliford shed 5 to 53p, after 52p, on disappointment with the half-year figures, but buying ahead of the preliminary results due soon left Breedon and Cloud Hill 4 dearer at 210p. Leyland Paint met with renewed speculative demand and touched 22½p before closing a net 3 up at 21½p. Brickhouse Dudley also added 3, to 62p, after 65p, for a similar reason.

A broker's recommendation stimulated interest in Laporte which hardened 3 to 388p, while occasional buying left Rentokil a couple of pence dearer at 125p. The chairman's cheerful annual statement helped ICI to regain composure after the previous day's late reaction and the price, after slipping to 574p initially, picked up to 580p before settling without alteration at 576p.

A. Caird dip and rally

A. Caird became a nervous market among secondary Stores, dropping to 44p before recovering to close a net 4 down on the day at 52p following the disclosure that the deputy chairman of its Traveller Distribution subsidiary had been dismissed following certain irregularities. N. Brown enjoyed speculative demand and closed 12 higher at 184p, while Selincourt hardened a fraction more to 17p on Press comment. Apart from Marks and Spencer, which hardened a couple of pence to 236p, the Store leaders drifted lower for want of support.

Racal opened lower at 212p following the appearance of a large line of stock late the previous evening, but rallied to 214p before closing 9 down on balance at 213p. Among other Electrical leaders, Plessey closed a few pence dearer at 228p and Philips Lamps ½ better at £11¼, the latter following the preliminary result. Elsewhere, "new-time" demand helped Pressac improve 7 to 252p, while revived support left Telemetrix a similar amount higher at 305p. Microfilm Reprographics responded to satisfactory interim results with a rise of 6 to 93p and acquisition news lifted Bowthorpe 3 to 258p.

TI were a relatively quiet market, but responded quickly to "new-time" buying ahead of Thursday's preliminary figures and closed 10 higher at 264p. GKN, annual results due on Wednesday, hardened 3 to 212p. Davies and Metcalfe "A" dipped 20 to 78p on the sharp profits setback, while Braithwaite, down 10 further at 153p, remained depressed by the forecast of lower earnings.

Cadbury Schweppes highlighted Foods, rising 8 to 136p following better-than-expected preliminary results plus the chairman's confident remarks and decision to apply for a U.S. listing. Rowntree Mackintosh improved 4 to 248p in sympathy; the latter's annual results are due Wednesday. Another confectionery concern, Needlers, also announced impressive results and the shares rose 9 to 76p. Elsewhere, Unigate improved 2 to 125p following a broker's circular, but Brooke Bond, half-timer due on March 15, slipped a penny to 83p on news that its Mallinson-Denny subsidiary had acquired Thames Timber for £4.6m. Speculative counter Taverner Rutledge reacted to 44p prior to regaining the overnight level of 50p. Squirrel Horn attracted interest and firmed 3 to 40p.

The Kuwait Investment Office's acquisition of a 7.88 per cent stake stimulated fresh speculative interest in Norfolk Capital, which added 3 at 68p. Garfunkels rose 7 to 200p in front of Tuesday's dividend announcement.

Leading miscellaneous industrials were usually a few pence lower after a rather slow trading session. Glaxo, however, managed an improvement of 7 to 785p. Elsewhere, demand ahead of next Wednesday's preliminary results left J. Hewitt 12 to the good at 144p, after 146p. The unveiling of a new computer, Apricot X1, prompted fresh interest in Applied Computer, which advanced 23 to 673p, but Consultants, a strong market following the recent preliminary figures, encountered profit-taking and gave up 25 at 850p. News of the 220p-per-share bid for the outstanding minority left Carlton Industries 40 higher at 210p. Francis Industries edged up a couple of pence more to 120p on the preliminary bid discussions with Suter; the latter reacted to 144p before settling 7 down on balance at 147p. Hawley Group closed 5 cheaper at 92p after the preliminary figures and proposed £34.3m rights issue. Paula and Whites, an old bid favourite, advanced 12 to 260p, while demand in a limited market left Photo-Me 25 to the good at 605p. Cole Group, up 6 further at 164p, continued to benefit from the Robert Moss stake. BWG were temporarily suspended at 85p; a bid from Irish Distillers was announced later. News of the proposed joint bid with Howard Doris for Scott Lithgow helped Trafalgar House improve 5 to 230p. Elsewhere, late demand took Brook Street Bureau up 5 to 64p.

Among Leisure issues, revived speculative demand in a restricted market lifted Photax (London) 7 to a 1983-84 peak of 52p. Television shares encountered profit-taking with Anglia A, 181p, LWT A, 243p, and Grampian A, 83p, all losing 3. Tyne Tees A, however, overlooked by investors until yesterday, moved up 8 to 172p.

Glanfield Lawrence fell 7 to 40p in Garages following news of the capital reorganisation and proposed £0.7m rights issue. that much to 175p, while Henlys hardened 2 to 118p on the annual report. In Motor Components, Lucas softened 2 to 202p, after 200p; the interim results are scheduled for March 29.

The board's strong rejection of Octopus Publishing's tentative £28m takeover bid, prompted a fresh rise of 12 to 492p in greeting card manufacturers, W. N. Sharpe; O.P. firmed 7 afresh to 595p. Elsewhere, Fleet Holdings were depressed by a large line of shares overhanging the market and dropped to 161p before closing a net 8 down at 163p.

Leading Properties made fresh progress, but business once again was only moderate. Gains were restricted to a few pence with Land Securities and MEPC up 2 apiece at the common price of 282p. Further support was forthcoming for Peachey, 4 higher at a 1983-84 peak of 203p, while Slough Estates gained the turn to 129p. Elsewhere, Sterling Guarantee slipped to 48p before late buying left the close a net 1½ up at 50½p. Raglan attracted interest and improved ½ to 10p.

Lister came to the fore in Textiles, rising 3 to 59p, after 61p, following revived speculative support. Carpets International put on 1½ to 48p in response to Press comment, but Corah gave up 2½ at 70p after disappointing annual results.

Framlington featured Financial Trusts, rising 45 to 775p in response to the 81 per cent jump in interim profits. Antofagasta improved 4 to 129p and R. P. Martin revived with a gain of 15 to 295p.

Still reflecting hopes of early news from the Monopolies Commission regarding Trafalgar House's bid, P & O Deferred rose 5 more to a 1984 peak of 288p.

Late rally in Oils

Leading oils opened a fraction easier and thereafter moved narrowly in either direction before rallying after-hours. Preliminary figures are expected next week from LASMO, Ultramar, Shell, Royal Dutch, BP and Hamilton Oil (GB). BP closed a net 4 firmer at 427p, while Shell settled 5 higher on balance at 635p. Burmah were 3 to the good at 183p and Tricentrol 2 up at 203p. LASMO, however, remained a dull market and gave up 6 at 305p despite favourable Press mention.

Persistent rumours that Gulf may abandon the current appraisal well off the coast of Waterford caused initial selling of Atlantic Resources, but the shares subsequently recovered to close only 10 easier at 460p, after 450p. Australia's Santos continued to lose ground and fell 12 more to 452p, despite the sharply increased profits announced on Wednesday.

Golds down again

A further decline in the bullion price prompted renewed losses throughout the gold related sectors of mining markets.

South African Golds gave ground for the third successive trading day. Initial selling from Johannesburg, London and the Continent was only partly offset by early buying interest from the U.S. and prices generally closed with widespread, although generally minor, losses on balance.

The Gold Mines index showed a further 2.9 fall at 696.9, while the bullion price was finally a net $3.5 off at $396.25 an ounce.

Losses among the heavyweights were usually restricted to around a half-point or so, with falls in this region common to Blyvoor, £10¼, Western Deep, £43¾ and Venterspost, £11¾.

Harmony were ¼ cheaper at £17 ahead of the dividend announcement which was not known during market hours.

Financials showed minor changes in either direction. "Amgold" fell £1¼ in front of the preliminary figures while De Beers, due to report full-year results next Tuesday, eased a couple of pence to 603p. Coals provided a number of firm features, especially Transvaal Consolidated Land, £1½ up at £31 and "Amcoal" which moved up a half-point to £15¼.

London Financials suffered a further bout of end-Account selling following the lack of progress by precious and base-metal markets. Gold Fields, still reflecting disappointment with the performance of bullion and the results announced last Tuesday, closed a further 3 down at 590p. Hampton Areas and Charter gave up 2 apiece at 228p and 230p respectively while Rio Tinto-Zinc dipped 5 to 650p.

Renewed weakness in overnight Sydney and Melbourne markets—which fell to their lowest levels this year—coupled with the poor showing by gold and silver led to further losses in Australians, although these were on a minor scale. Golds showed Poseidon a further 13 cheaper at 300p, a two-day loss of 20, on further consideration of the poor figures, while Central Norseman dropped 20 to 408p and North Kalgurli 3 more to 77p.

FINANCIAL TIMES STOCK INDICES

	Feb. 8	March 7	March 6	March 5	March 2	March 1	year ago
Government Secs ...	86.16	85.56	83.31	83.23	83.16	82.87	81.36
Fixed Interest	87.12	86.27	86.91	86.91	86.81	86.69	82.70
Industrial Ord.	837.7	835.4	841.6	832.6	838.9	828.5	570.7
Gold Mines	696.0	699.6	708.5	704.7	678.5	672.6	607.2
Ord. Div. Yield	4.40	4.41	4.37	4.42	4.30	4.46	4.79
Earnings, Yld.% (full)	9.44	9.46	9.38	9.42	9.42	9.56	10.07
P/E Ratio (net) (*)	12.80	12.78	12.89	12.73	12.83	12.64	12.00
Total bargains	25,602	20,917	26,658	23,210	24,633	21,229	24,083
Equity turnover £m.	—	368.66	244.51	603.76	321.73	296.32	276.13
Equity bargains	—	12,967	20,613	23,201	16,799	16,220	22,626
Shares traded (ml) ...	—	156.5	145.8	190.9	164.6	160.7	171.5

10 am 834.3. 11 am 834.9. Noon 836.6. 1 pm 837.1.
2 pm 837.1. 3 pm 836.6.

Basis 100 Govt. Secs. 2/1/58. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 12.02.

HIGHS AND LOWS / S.E. ACTIVITY

—	1983/84 High	1983/84 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	86.77 (9/1/84)	77.00 (24/1/83)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.47 (30/1/84)	76.03 (1/2/83)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	841.6 (6/3/84)	598.4 (12/1/83)	841.6 (6/3/84)	49.4 (26/6/40)
Gold Mines	734.7 (15/2/84)	444.3 (1/11/83)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. Activity	March 7	March 6
Daily		
Gilt Edged Bargains ...	204.6	218.1
Equities Bargains ...	180.4	133.6
Value ...	543.0	494.2
5-day Average		
Gilt Edged Bargains ...	201.2	194.3
Equities Bargains ...	131.6	127.6
Value ...	561.0	560.3

FT-SE 100 INDEX

Close	1055.8	(+0.2)
Day's high	1056.0	(4.51pm)
Day's low	1050.2	(2.38am)

(Base value = 1000 January 3 1984)

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Mar 5	Mar 16	June 14	June 25
Mar 19	Mar 30	June 28	July 9
Apr 2	Apr 13	July 12	July 23

For rate indications see end of Share Information Service

Money was given for the call of Fleet Holdings, Management Agency and Music, Yelverton, Lonrho, A. Caird, Tozer Kemsley and Millbourn, LCP, Polly Peck, Tricentrol, Metal Sciences, Paterson Jenks, Charterhall, NMW Computers, Strong and Fisher, Petranol, Sound Diffusion, Readicut, Grovebell, Gestetner A, Cosalt, UKO International and RHP. A put was transacted in W. E. Norton, but no doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Resources ...	460	−10
Britannic Assurance ...	448	−12
Cadbury Schweppes ...	136	+ 8
Caird (A.)	52	− 4
Davies & Metcalfe A	78	−20
Fleet Holdings	163	− 8
ICI	576	—
Midland Bank	410	+ 8
Poseidon	300	−13
Scot & Newcstl Brew	114	+ 4
Taverner Rutledge ...	50	—
Unigate	125	+ 2

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Francis Inds ...	17	118	+19
Pilkington Bros	16	305	+13
Shell Trans ...	16	627	−12
Glaxo	14	778	−12
Strong & Fisher	14	197	+10
RTZ	12	472	− 3
BP	12	423	−12
Crosby Wdfld	12	15½	− ¼
Macphrsn (D.)	12	65	− 2½
Petranol New	12	183	−10
Sun Life Assce	12	588	− 2
Tozer Kemsley	12	36	+ 4
Hanson Trust	11	187	+ 4
Midland Bank	11	402	+ 4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	86	13
Corpns. Dom. and Foreign Bds. ...	14	13	51
Industrials	212	403	798
Financial and Prop.	87	135	322
Oils	16	38	67
Plantations	0	3	17
Mines	25	73	75
Others	62	67	70
Totals	402	817	1,413

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▌ Allotment letters (or fully-paid). ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. †† Official London Listing. * Offered as units, comprising one ord and one N/V A ord. † Offered as units, comprising one Red. Prf. share of 1p and 55p of 12 per cent Conv. Ln. stk. 1986-90. ‡ No par value.

NEW HIGHS AND LOWS FOR 1983/84

NEW HIGHS (83)

CORPORATION LOANS (3)
Bath 11¾pc 1985; Lon. Corp. 9½pc '84/85; Leeds 13½pc 2006

FOREIGN BONDS (2)
Hungary '24 Ass.; Iceland 14½pc 2016

BANKS (2)
Bank of Ireland; Standard Chartered

BREWERS (2)
Macallan-Glenlivet; Scottish & Newcastle

STORES (3)
Aquascutum; Combined English; Brown (N.)

ELECTRICALS (11)
BSR Intnl; Microlease; Emess Lighting; Pinscom; Ferranti; Systems Designers; Logica; Telemetrix; Micro Bus. Systems; VG Instruments; Microfilm R'graphics

ENGINEERING (6)
Edbro; Ransomes Sims; Hopkinsons; 600 Group; Lloyd (F. H.); TI

FOODS (4)
Barker & Dobson; Needlers; Cadbury Schweppes; Squirrel Horn

INDUSTRIALS (16)
BWG; Evode; British Vita; Hewitt (J.); Brook St Bureau; Jacksons Bourne End; Carlton Inds.; Jourdan (Thomas); Christie-Tyler; Man. Ship Canal; DPCE; Neil & Spencer; Dunhill; Rolfe & Nolan; Duport; Trafalgar House; Esselte; Waterford Glass

LEISURE (3)
Photax (London); Tyne Tees TV A N/V; TV South N/V

MOTORS (1)
Hurst (Charles)

NEWSPAPERS (2)
Octopus Publishing; Sharpe (W. N.)

PAPER (2)
Clay (Richard); Smith (David S.)

PROPERTY (6)
Beazer (C. H.); Fairview Ests.; Centrovincial Ests.; Peachey; Control Securities; Utd. Real Prop.

SHIPPING (1)
P & O Dfd.

TEXTILES (2)
Seimer & Lumb; Lister

TRUSTS (10)
Camellia Invs.; Framlington Group; Equity Consort Dfd.; Lon. Merchant Sec. Dfd.; Jove Cap.; Murray Caledonian 2; Westpool; Triplevest Inc.; Yule Catto; Antofagasta

MINES (5)
ERGO; Pengkalen; Free State Dev.; Cons. Murchison; Impala Platinum

NEW LOWS (7)

BRITISH FUNDS (1)
Exch. 10pc '89 A (£40 pd)

AMERICANS (1)
Public Service Elect. & Gas

CANADIANS (1)
Takorp

BUILDINGS (1)
Federated Housing

STORES (2)
Courts (Furn.) A; Wigfall (H.)

INDUSTRIALS (1)
Airship Inds.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Thurs March 8 1984 — Wed March 7 — Tues March 6 — Mon March 5 — Fri March 2 — Year ago (approx)

[illegible]

FIXED INTEREST — AVERAGE GROSS REDEMPTION YIELDS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		March Vol.	March Last	June Vol.	June Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$375	—	—	4	44	—	—	$397.50
GOLD C	$400	26	16.50	8	28	2	35	"
GOLD C	$425	146	7 A	5	16.50	27	23	"

[illegible]

TOTAL VOLUME IN CONTRACTS 21,312

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
B.P. (*425)	390	43	50	—	6	12	—
	420	22	35	43	26	23	37
	460	6	2	26	80	23	23

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
LASMO (*306)	260	60	70	—	6	2	—
	280	43	37	—	12	22	—
	300	50	43	60	22	30	63

[illegible]

Mar. 8, Total Contracts, 2,110. Calls 1,396. Puts 321.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. AND LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY—Continued

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ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

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INDUSTRIALS—Continued

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LEISURE—Continued

MOTORS, AIRCRAFT TRADES

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Investment Trusts

INVESTMENT TRUSTS—Cont.

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OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	16½	−1	—	—	—
52	28	♥Allstate Expl. NL	34	.....	—	—	—
10½	3¾	♥Asia Oil & Mins.	4¼	.....	—	—	—
19	17	♥Aust. Hydrocarbons N.L.	18	.....	—	—	—
40	9	♥Australis Mng. NL	27½	.....	—	—	—
35	11	♥Balmoral Res	31	.....	—	—	—
60	29	♥Black Hill Mins.	34	.....	—	—	—
104	51	♥Bond Corp.	97	.....	Q10c	0.7	7.0
183	116	♥Bougainville 1 Kina	156	−5	Q15.56c	♦	6.8
396	204	♥CRA $2	316	.....	Q12c	♦	2.4
145	60	♥Carr Boyd 20c	82	.....	—	—	—
44	25	♥Central Kalgoorlie	35	.....	—	—	—
43	18	♥Central Pacific	23	+½	—	—	—
9	2¼	♥Cons Gold Mng Areas.	3¼	.....	—	—	—
17	5	♥Coopers Res N.L.	3	.....	—	—	—
255	183	♥Crusader Oil	240	+15	—	—	—
28½	0	♥Coltus Pac NL	11	.....	—	—	—
19	3	♥Eagle Corp 10c	8½	.....	—	—	—
265	96	♥Emperor Mines	260	−5	—	—	—
16½	8	♥Endeavour 20c	12½	.....	—	—	—
58	17	♥Enterprise Gld Mines	28	.....	—	—	—
810	500	♥GM Kalgoorlie 25c.	730	+2	bQ10c	♦	0.9
24½	6	♥Grt. Eastern Mines	21	.....	—	—	—
38	9	♥Great Victoria Gold	38	.....	—	—	—
32	15½	♥Haoma NW	19	.....	—	—	—
92	26	♥Hill Minerals N.L.	34	−1	—	—	—
41	15	♥Intnl Mining	19	.....	—	—	—
20	5	♥Ivanhoe Gld. N.L.	8½	−¼	—	—	—
100	25	♥Jingellic Minerals	34	.....	—	—	—
42	15	♥Kalbara Min 20c	18	.....	—	—	—
16	9	♥Keywest Invs.	58	−1	—	—	—
12½	9¾	♥Kia Ora Gold N.L.	11½	−¼	—	—	—
134	54	♥Kitchener NL 25c.	302	−4	—	—	—
180	48	♥Meekatharra 25c.	48	.....	—	—	—
58	24	♥Metals Ex 50c.	48	−2	—	—	—
200	22	♥Metana Minerals N.L.	385	−2	—	—	—
52	23	♥Metramar Mins 20c	37	.....	—	—	—
279	210	♥MIM Hldgs 50c.	210	.....	Q5c	1.5	1.6
16	5	♥Mincorp 20c	15	.....	—	—	—
0	3	♥Minefields Expl 25c	4½	.....	—	—	—
46	23	♥Newmetal 20c	35	.....	—	—	—
•213	128	♥North B Hill 50c	370	.....	†Q8c	1.4	5.1
90	38	Nth. Kalgurli	77	−3	—	—	—
86	52	♥Oakbridge 50c.	55	−1	‡Q7c	1.5	‡
57	23	♥Otter Expl'n NL	43	−3	—	—	—
158	64	♥Pancont'l 25c.	74	.....	—	—	—
9½	4	♥Pan Pacific Pet NL	7¼	.....	—	—	—
75	35	Paringa Mng & Expln 5p	60	−2	—	—	—
456	300	♥Peko-Wallsend 50c	340	−8	6Q5c	0.2	0.9
15½	6	♥Pelsart Res NL	13	.....	—	—	—
298	172	♥Renison 50c	215	−1	Q10c	0.1	5.1
270	135	♥Do Defd	205	.....	—	—	—
83	20	♥Samantha Expl'n NL.	41	−2	—	—	—
52	21	♥Samson Expl'n NL	28	−1	—	—	—
82	49	♥Selcrust 50c	62	.....	—	—	—
58	24	♥Sons of Gwalia N.L.	42½	.....	—	—	—
27	12	♥Sthn. Goldfields	23	.....	—	—	—
19	7	♥Southern Pacific	10½	.....	—	—	—
133	50	♥Southern Res	108	−6	—	—	—
14	6	♥Southern Ventures 25c	7½	.....	♦	—	—
50	13	♥Swan Res 20c	33	−1	—	—	—
110	60	♥Tunas Res N.L.	77	.....	—	—	—
58	31	♥United Goldfields	41	.....	—	—	—
24	5	♥West Coast 25c.	13½	.....	—	—	—
38	8½	♥Western Cont. 50c	12½	−½	—	—	—
286	168	Westn. Mining 50c.	254	+1	†Q2c	7.6	0.5
272	53	♥Whim Creek 20c	234	.....	Q5c	♦	—
47	7	♥Windsor Res. NL	21	.....	—	—	—
57	8	♥York Resources	38	.....	—	—	—

Tins

1983-84 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	175	Ayer Hitam $M1	240	.....	vQ85c	1.0	10.7
187	83	Geevor	155	.....	24.0	—	3.7
18	10	Gold & Base 12½p	10½	.....	—	—	—
435	290	Gopeng Cons.	435	.....	♦4.0	5.0	1.3
£10	525	Hongkong	950	−50	—	—	—
21	15	Jantar 12½p	18	.....	1.5	0.2	11.9
270	100	Kamunting $M0.50	206	−5	†vQ27½c	0.8	4.0
96	56	Malaysia Mng. 10c	66	−1	‡vQ11c	0.9	‡
57	28	♥Pahang	53	+1	8—	—	—
600	325	Pengkalen 10p	600	+50	1.0	—	0.2
330	225	Petaling $M1	300	.....	vQ130c	♦	12.1
275	185	Sungei Besi $M1	275	.....	‡vQ85c	1.1	‡
68	48	♥Supreme Corp M$1	62	.....	vhQ3½c	♦	1.9
325	95	Tanjong 15p	308	.....	g3.5	—	1.9
210	60	♥Tongkah H. Tin $M1	210ø	.....	vQ5c	1.6	0.7
300	190	Tronoh $M1	270	.....	vQ90c	1.1	10.0

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 33

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible]

INSURANCES

[illegible]

Insurances—continued

[illegible]

24 Ludgate Hill, EC4F 4BD.		01-246 9861		
Capital Life Assurance				
Key Inv Fd	—	127.95	....	—
PcmkrInvFd	—	126.46	....	—
Equity Fd	115.01	121.60	+0.03	—
Fxd Int Fd	109.34	115.09	+3.80	—
Propty Fd	103.49	108.94	+0.50	—
Cash Fd	101.91	107.27	+0.57	—
Managd Fd	110.91	123.17	+7.94	—
Col Mnt Life (Pension Annuities)				
ManPnA/B	105.89	111.48	....	—
MnPCIA/B	106.32	111.93	....	—
Commercial Union Group				
St Helens, 1 Undershaft, EC3.		01-283 7500		
VarAnMar9	—	34.44	....	—
VarAnAccUts	—	158.39	....	—
Prime Series—Life				
Managed	133.9	143.1	+0.1	—
UK Equity	140.7	148.2	−0.5	—

Propty Acc	164.2	172.8	+0.8	—
Int Acc	147.7	153.5	+2.5	—
ManagdAcc	172.9	182.1	+2.8	—
Spec Sits	132.2	139.2	+2.5	—
Pen Int Acc	140.0	140.3	+1.9	—
Pen Prp Acc	154.1	193.8	+2.0	—
Pens Equity	319.7	231.3	+1.0	—
Pen Mg Acc	170.3	179.3	+1.9	—
Gilt Deposit. Index Fund Prices available on request.				
Crown Life				
Crown Life House, Woking GU21 1XW.		048802-5033		
PenMoyAcc	128.5	135.5	....	—
PenMnyInt	110.7	122.0	....	—
PE Coronet	105.5	194.9	....	—
BrwingEqFd	270.1	292.7	....	—
Strat Inv Fd	154.4	102.8	....	—
Heritage Fd	148.5	154.2	....	—

[illegible]

Offshore & Overseas—continued

[illegible]

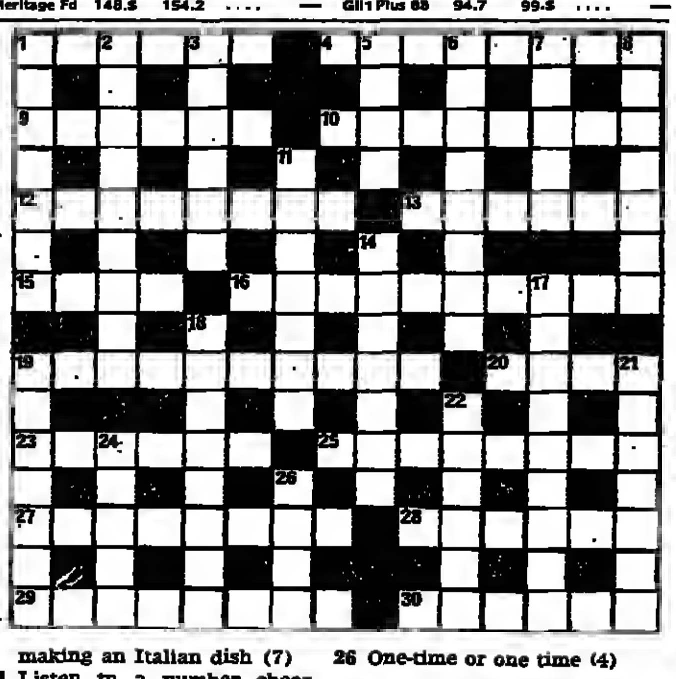
Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

F.T. CROSSWORD PUZZLE No. 5,362



ACROSS

1 Revolutionary type nf public legislatino (3, 3)
4 Submitted to the Spanish guard (8)
9 Did some stealing and was arrested by the police (6)
10 Rnyal estates (8)
12 Fnund the answer egain, being determined (8)
13 In the view nf a landsman, something is likely to occur (6)
15 Shnw that mav need cutting ? (4)
16 It cost oothing to try (4, 6)
19 Large air intake (4, 6)
20 Record is within a conple of figures (4)
23 Property that goes with rank (6)
25 Leeder whose utterances in nffice are recorded (8)
27 Turn buns when cooked and well-browned (8)
28 Proceeds tn answer (6)
29 Erred badly wheo about to finish, so gave up (8)
30 He dnesn't go for a horse that will finish (6)

DOWN

1 Not a subject put on in advance (7)
2 I'd be slack perbaps and lapse into bad babits (9)
3 A lodge in state nf disrepair and ancient (3-3)
5 Get nut of this ! (4)
6 Small battleship used in sporting contest ? (3-2-3)
7 Biblical cbaracter caused on end of a minnr rint (5)
8 Turn up the gas in a way, making an Italian dish (7)
11 Listen tn a number cheer (7)
14 Some for sure (7)
17 To indicate what one should dn is a job fnr the police (5, 4)
18 Busts are developed, but not easily perceived (8)
19 She puts on other people's clothes (7)
21 Disorderly crooner in court (7)
22 Witness at a trial (6)
24 A number holding no end nf wood (6)
26 One-time or one time (4)

Solntion to Puzzle No. 5,361

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 — 01-623 1288

Black Horse Man. Fd.		208 52		—
Managed Inv. Fd.	167 90	176 74		—
Property Fd.	153 56	161 65		—
Fixed Interest Fd.	144 17	151 05		—
Cash Fd.	138 62	145 71		—
Income Fd.	195 36	205 47		—
Extra-Income Fd.	[illegible]	[illegible]		—
Worldwide Growth Fd.	222.77	234 50		—
Balanced Fd.	191.43	201.51		—
Smlr Co's & Recy. Fd.	226.65	[illegible]		—
Int. Technology Fd.	250 17	263 34		—
Nth. Amer. & Gen. Fd.	143 51	151 07		—
Energy Int. Fd.	106 89	112 48		—
Pacific Basin Fund	152.51	160.35		—

British National Life Assurance Co. Ltd.
Haslands Rd, Haywards Heath. — 0444 414111

Managed	117.4	123.7		—
Property	121.2	127.6		—
Equity	127.2	133.9		—
International	128.0	134.8		—
Fixed Interest	106.2	110.7		—
Deposit	101.3	106.6		—
Managed Pen. Cap.	117.0	123.2		—
Property Pens. Cap.	122.2	128.6		—
Equity Pens. Cap.	121.9	128.3		—
Intnl. Pens. Cap.	131.0	137.9		—
Fixed Int. Pens. Cap.	102.8	107.3		—
Deposit Pens. Cap.	98.4	103.6		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth March 1		103.6		—
Retmt. Fed. Mar 6		279.2		—
Managed Pen Fund	190 5	200 5		—
Property Pen Fund	117.8	124.0		—
Index Linked Pen Fund	111.0	116.9		—
Managed	128.0	134.8	-0.7	—
Property	106 4	112 1		—
Gilt and Fixed Interest	110 1	115.9	-0.6	—
Index-Linked	94 9	99.9	-0.4	—
Equity	128 6	135 4	-0.6	—
Cash	106.6	112.3		—
Midland Bk. Unit Ter.	128.2	135.0	-0.5	—
Midland Bank Intnl.	147 5	155 3	-0.9	—

Cannon Assurance Ltd.
1 Olympic Way, Wembley HA9 0NB. — 01-902 8876

Equity Units	£40.74		-0.09	—
Property Units	£27.51			—

G.T. Management Ltd.
16 Finsbury Circus, Lower EC2M 7DJ — 01-628 8131

G.T. Plan Bond Fund	126 5	111 2	-0 6	—
GT Pln High Yld Fnc	131 2	138 2		—
GT Plan Far East Fnd	134 0	141 1		—
GT Plan N. Am Fd	125 0	131 6	-0 1	—
GT Pln UK&G E. Fnd	150 6	158 6		—
GT Pln Worldwide Fnd	147 0	154 8		—
GT Pension Bnd Fnd	138 9	146 3	-0 8	—
GT Pen High Yld Fd	152 1	160 2		—
GT Pen Far East Fd	167 1	175 9		—
GT Pen N. Am. Fd.	175 1	184 4		—
GT Pen UK & G.E. Fd	174 8	184 0	-0.1	—
GT Pen Worldwide Fd	157.7	166.1		—

Prices for Accum. Unit only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. — 01-488 0733

Intl. Managed Bond	170 6	179.6		—

General Portfolio Life Ins. PLC
Crossbrook St., Cheshunt, Herts. Waltham X 32971

Portfolio Fd. Acc.		250 7		—
Portfolio Fd. Inc.		211.2		—

See adjacent page Mon-Fri and Stock Exchange Dealings page Sat

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. — 0202 767655

Managed Fd.	281.2	296.3	+1.8	—
Money Fd.	158.0	166.3	-0.2	—
Equity Fd.	232.6	245.1	+1.7	—
Fixed Inc. Fd.	121 7	128.2	+1 7	—
Property Fd.	176.2	185.7		—
Managed Pen. Fd.	224 7	236.5		—
Equity Pension Fd.	175.9	185.2		—
Fixed Int. Pen. Fd.	172.0	181.2		—
High Yield Pen. Fd.	169 4	178.3		—
Money Pension Fd.	131.8	138.8		—
Property Pension Fd.	129.9	136.9		—
Gresham/Framlington				
American & Gen. Fd.	223.8	235 4	-2 9	—
Income Fd.	216.3	227.9	+1.1	—
Int'l. Growth Fd.	264.1	280 4	-1 3	—
Capital Fund	219.8	231 6	+0 6	—
Recovery Fund	162.2	170.9	+0 3	—
Japan & Gen Fd.	99.3	104.6	+0.1	—

Growth & Sec. Life Ass. Soc. Ltd.
48, London Fruit Exchange, E1 6EU — 01-377 1122

Flexible Finance	£1.536	—		—
Landbank Secs.	0.6474	—		—
Landbank Secs. Acc.	169.2	194 1		—

[illegible]

Lloyds Life Assurance—cont.
Gartmore Funds—Series A

American Mar 6	152 9			
Australian Mar 6	110 9			
British Mar 6	142 5			
Commodity Mar 6	136 9			
Extra Inc. Mar 6	131.5			
Far Eastern Mar 6	128 3			
Gilt Mar 6	106 0			
Global Strat Mar 6	187.2			
Gold Share Mar 6	88 0			
High Inc Mar 6	137 8			
Income Mar 6	168.4			
Japan Mar 6	178.7			
Oil & Energy Mar 6	125 8			
Special Sits Mar 6	149.7			
UK Smlr. Cos Mar 6	143.5			
Man Gwt Mar 6	160 9			

London Aberdeen & Nthn. [illegible]
129 Kingsway, London, WC2 [illegible]
'Asset Builder' 467.6 [illegible]

London Indemnity & [illegible]
18-20, The Forbury, Reading [illegible]
Money Mngr Feb 1 66 9 [illegible]
MM Flexible Feb 1 56 8 [illegible]
Fixed Interest Feb 1 54.8 [illegible]

London Life Linked [illegible]
100, Temple St., Bristol, BS [illegible]

See adjacent page Stock Exchange Dealings

London & Manchester [illegible]
Winslade Park, Exeter EX5 [illegible]

Invest. Tst. Fd. Cap.	315 7
Invest. Tst. Fd. Acc.	339.4
Property Fund Cap.	117 4
Property Fund Acc.	126.3
Flexible Fund Cap.	191.7
Flexible Fund Acc.	25.3
Fixed Int. Fd. Cap.	149 8
Fixed Int. Fd. Acc.	153.3

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

WestAvon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey. — 0481 27963

Wardley Prv Cap Tst	$10 08	10 60		—
Gilt & Option Fd.	£1 18	1 23		2.50
US $ Option	$0.84	0 89		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$12.90			—

Inv Adv: M & G. Inv Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St George's St., Douglas IoM — 0624 25015

Wren Com Fund	24 1	25.1		—
Chinese Fund	62 7	65 3	+0.9	—
Precious Metal Fund	145.3	151 0		—
Vanguard Cmdy Fd	36.0	37 0	+0.5	—
Financial Futures Fd.	73 2	76.2	+10.0	—
Wren Intl. Fnd.*	$0 814	0 847	-0.002	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

COMMODITIES AND AGRICULTURE

State aid plea for UK fish campaign

BY RICHARD MOONEY

THE GOVERNMENT is being asked to put up the lion's share in financing a campaign to boost sales of fish caught by British fishermen.

The general adoption of 200-mile coastal limits has forced the industry to concentrate on species available from Britain's waters while membership of the Common Market means that UK catches of the most popular species are strictly limited.

Since this loss of flexibility prevents fishermen from tailoring their catches to public tastes Mr John Richman, chief executive of the Sea Fish Industry Authority, believes it is necessary to alter public tastes to match the catches available to the fishermen.

The first campaign aimed at achieving this will begin in Northern Ireland on April 30, but full implementation of the plan over the whole of the UK will depend on the Goverment agreeing to provide what Mr Richman describes as "pump-priming funds."

The exact amount of money being sought from the Government has not been revealed but the total is not thought to be very different from the £18.5m over five years asked for under an earlier, rejected plan.

Mr Richman says Government financial involvement would cease within five years by which time he hopes the way will have been cleared to finance continuing promotion out of an increased levy on fish catches.

Mr Richman is hopeful that the Government will accept his latest plan, which he says has been "developed and refined after consultation with all sectors of the fishing industry."

Most money and effort will be devoted to local campaigns seeking to boost consumption of neglected species, probably starting with herring and mackerel.

Zinc values advance again

BY JOHN EDWARDS

ZINC values advanced strongly again on the London Metal Exchange yesterday as the shortage of supplies available to the market tightened still further.

The upward trend was encouraged by the decline in the value of sterling against the dollar and by rumours of impending price increases by zinc producers in the U.S. and Europe.

Cash zinc gained £10.5 to £714 a tonne—a gain of £74 since last week, but still below the nine-year peak of £731.5 reached at the end of January.

Lead prices also rose sharply with the cash price closing £10.5 up at £309.5 a tonne. The market was boosted by the U.S. producer price increases announced on Wednesday and unconfirmed rumours of a strike at a major U.S. smelter.

Nickel prices rose, too, following speculative buying. Interest in nickel is thought to have been triggered off by the recent boom in other steel-related speciality metals, like cobalt.

Merchants feel that the improvement in industrial activity in Western countries may now start to show through in the metal markets.

Copper rallied strongly, after opening on a weaker note, but aluminium lost ground after its recent gains.

Sugar price falls to 11-month low

By Our Commodities Staff

THE SLIDE in world sugar values continued yesterday with the London daily raws price falling £2 to £106.50 a tonne, the lowest level for 11 months.

In the absence of fresh fundamental news dealers attributed the fall to continuing bearish sentiment based on confident expectations of a further addition to world stocks in the current season.

They seemed unimpressed by a U.S. Department of Agriculture forecast that U.S. sugar output would be 4 per cent down at 5.6m short tonnes for 1983-84. The department said yields had been hit by the severe freeze in late December.

● UK EGGS will be dearer in the shops next week following wholesale price rises announced yesterday.

Goldenlay, Britain's biggest eggs marketing consortium, said it would be raising prices for all size grades by 3p a dozen.

It said the rise reflected stronger demand and reduced supply.

● AUSTRALIAN Wheat Board shipped 1.47m tonnes of wheat last month, a record for February, the board said. This brought October-February exports to 5.08m tonnes against 4.33m tonnes a year earlier.

● MEAT production worldwide rose by 2 per cent to 147m tonnes in 1983, the United Nations Food and Agricultural Organisation said in its monthly report Food Outlook. This reflected an upturn in Soviet livestock production.

● WORLD cotton production in 1983-84 will rise to 67.49m bales, up from 67.21m bales estimated last month and almost equal to 67.53m bales the previous year, the International Cotton Advisory Committee said.

Ploughing ahead with crop expansions

John Cherrington looks at trends reflected in the UK farm census

THE RESULTS of the December sample survey of UK farming underline in no uncertain terms that farmers, while protesting the threats of quotas, co-responsibility levies and other sanctions, are not letting them affect their plans for increasing output.

In milk, cereals, sheepmeat and oilseed rape there are indications of still higher production. Only in the sectors which have been under stress so far are their any significant indications of reducing production. These are pigs, laying hens and beef cattle.

The dairy herd has risen by 1.8 per cent or about 70,000 cows. In addition, the trend to higher production is reinforced by the increasing use of the Holstein strain of Friesian cow from North America. It is believed that few of the British Friesian herds, originally imported from Holland, now lack an admixture of Holstein blood.

By contrast the pure beef breeding herd, cows kept solely for producing beef animals, fell a further 2.4 per cent last year, and the number of in-calf heifers was down 5.8 per cent. The reasons for this are economic. The breeding cow producing and rearing one calf a year is a poor converter of a farms resources into meat and few farmers paying modern rents can afford to keep them. Their numbers are also falling in the hill and marginal areas where they do benefit from substantial grants and subsidies.

Beef animals are not supported as generously as milk and cereals. Beef intervention is a rather inexact system and the beef premium, whereby the market price is raised to the target figure, is limited so that few animals have received the full target price recently.

There are signs that the beef market is changing away from the traditional cuts and joints towards the semi-manufactured and convenience foods for which the traditional beef carcases are not suited.

The sheep flock is reflecting the advantages of the sheepmeat regime and is showing a steady increase in numbers. It is probable that the increasing numbers are displacing beef cows, particularly in the hill areas. There are few indications of any increase in sheep numbers in the predominantly arable areas where the profitability of crops has been one of the most significant features of recent times.

In poultry the laying flock is down by about 6 per cent, a clear reflection of last year's difficult market although more recent figures indicate that placings of laying chicks are increasing. However, table poultry are up by 6 per cent in line with the increased consumption of poultry meat.

Encouraged by the favourable autumn arable farmers significantly increased sowings of wheat, up 18 per cent in Great Britain, barley sowings rose by 12.3 per cent and oilseed rape by 17 per cent.

The wheat area is particularly interesting. On the basis of last year's harvest yields this could mean an increase of 2m tonnes in wheat outturn. Much of the new wheat acreage would be at the expense of spring barley and possibly grass so it is not yet possible to calculate the total cereal yield.

In general autumn sown wheat yields substantially more than any other grain crop and autumn barley, although not such a heavy yielder, will generally outyield spring.

There is also another interesting development. According to the returns for seed sown, farmers have been reducing the proportion of milling wheats in favour of feed varieties.

The signs are that the acreage to be sown to malting barley this spring will show a marked reduction and as it comes predominantly from spring sowing, maltsters turn their noses up at the popular winter barley strains and are making anxious noises about the danger of there not being enough spring barley.

This could be general in the EEC where malting quality is not easy to achieve.

The UK seems set for a substantial increase in cereal output to say nothing of further increases in other subsidised crops. If the reports from Europe are to be believed the same applies there. A headache for EEC finances.

But they should not consider bankruptcy too soon. Almost anything could happen in the way of drought, flood or disease, to reduce the problem to manageable proportions.

Stabex fund 'met all justified demands' in 1982

BY PAUL CHEESERIGHT IN BRUSSELS

THE STABEX FUND, which seeks to compensate developing countries for fluctuations in the price of primary products, made payments in 1982 to meet all "justified demands," the EEC reported on closing its books for that year.

Stabex ran into serious trouble when commodity prices fell sharply during 1980 and 1981 and only 52.8 and 42.8 per cent respectively of demands could be met.

Stabex is part of the Lomé Convention, which links the EEC to developing countries in Africa, the Caribbean and the Pacific in a wide-ranging pact covering aid, trade and co-operation.

The last payment for 1982 was made to Ghana which received European currency units, Ecus 31.1m (£18m), the biggest payment for the year, to compensate it for the fall in cocoa prices.

Stabex payments for 1982 stood at Ecus 102.47m and went to 23 countries. This level was reached after dipping into the funds available for 1983 to meet Ghana's demand.

After Ghana, more funds went to Papua New Guinea than any other country—Ecus 24.1m following its problems on the cocoa, coffee and copra markets.

At the other end of the scale, the beneficiary with the smallest amount was Tuvalu.

The developing countries, after the experience of 1980-81, have been critical of the limited financial scope of Stabex and are anxious to see funds increased in the current negotiations for a new Lomé Convention.

The present Lomé Convention expires at the end of January 1985.

But the EEC has been taking a different view. It wishes to see funds from Stabex used in the sectors where problems have caused the demands for help, and not as part of a country's budget.

In a bid to tighten the management of funds, it wants discussions with applicant countries about the problems leading to the demand.

The belief has gained ground in Brussels that throwing money at a country will not solve primary product market difficulties. Rather, the solution lies in improving production. The Lomé Convention countries, it is argued, have been losing ground on the markets to the countries of South America and Asia.

Long-term farm price freeze attacked

By A Special Correspondent

SCOTTISH farmers have attacked the call by Mr Michael Jopling, the Minister of Agriculture, for a two to three years price settlement for commodities which are in structural surplus.

Mr John Cameron, Scottish NFU president, told yesterday's annual meeting of the union in North Berwick that Mr Jopling's suggestion amounted to nothing less than a three year price freeze for those commodities.

"I take great exception to the minister's remarks," said Mr Cameron. "They represent a fundamentally new approach, which none of the farming unions were asked about, and which would create much less stability.

"Supply situations change from year to year and the imposition of a long term price freeze could be disastrous for both consumers and producers."

Earlier Mr Cameron had described the past 12 months as a period of "tension and uncertainty" with agriculture's debt to the bank now standing at eight times the size of its annual income.

He also said that if the commission's support price proposals were implemented in their present form they would cause a further 25 per cent fall in farmers' real incomes.

The annual meeting approved the setting up of a new union committee to co-ordinate a policy on conservation and land use.

"We need to find new ways to explain how farming is involved in conserving the countryside, provide new publicity material and take the initiative in reinforcing contacts with responsible bodies," said Mr Cameron.

PRICE CHANGES

In tonnes unless stated otherwise	Mar. 8 1984	+ or —	Month ago
Metals			
Aluminium	£1100	....	£1100
Free Mkt	[illegible]	—25	[illegible]

[illegible]

	Mar. 8 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1140w	....	$1240
Groundnut	$1040w		

[illegible]

LONDON OIL

[illegible]

CRUDE OIL FUTURES

[illegible]

Turnover: 5 (8) lots of 1,000 barrels.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.75	—
Iranian Light	27.75-27.80	—
Arab Heavy	28.70-28.90	+0.03
North Sea (Forties)	28.85-30.00	—0.05
North Sea (Brent)	20.08-30.10	+0.02
African (Bonny Li'ht)	30.85-30.00	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	284-280	+1.5
Gas Oil	258-264	—1.5
Heavy fuel oil	175-180	—

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Mar.	252.75	—0.25	255.50-51.75
April	240.75	—1.50	250.75-49.75
May	247.00	—1.50	240.00-41.75
June	245.75	—1.50	246.75-45.50
July	246.25	—1.25	246.75-46.25
Aug	248.00	—1.75	248.50-48.00
Sept	250.00	—2.25	250.50-50.00
Oct	253.50	—1.00	—
Nov	255.25	—1.25	—

Turnover: 1,286 (2,683) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3½ to close at $396-396½ on the London bullion market yesterday. It opened at $396½-397 and was fixed at $396.35 in the morning and $397.25 in the afternoon. The metal touched a peak of $397½-397¾, and a low of $395½-396.

In Paris the 12½ kilo gold bar was fixed at FFr 100,700 per kilo ($395.46 per ounce) in the afternoon, compared with FFr 100,700 ($395.46) in the morning, and FFr 101,200 ($401.94) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,870 per kilo ($398.02 per ounce), against DM 32,910 ($403.48) and closed at $397-397½ compared with $398½-399.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $396.75 per ounce, against $402.75.

In Zurich gold finished at $397-397½ compared with $398¾-399¼.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
March	—	—	—
April	399.10-99.30	—2.80	399.50-99.00
June	406.30-06.40	—2.15	406.40-04.60
Aug	412.70-13.10	—2.60	415.00
Oct	419.10-20.20	—2.60	—
Dec	422.50-27.00	—3.35	—

Turnover: 595 (711) lots of 100 troy ounces.

	Mar. 8		Mar. 7	
Gold Bullion (fine ounce)				
Close	$396-396½	(£271½-272½)	$399½-400	(£271-271½)
Opening	$396¼-397	(£270-270½)	$403½-404	(£272-272½)
Morning fixing	$396.35	(£269.634)	$402	(£270.762)
Afternoon fixing	$397.25	(£270.660)	$398.75	(£229.098)

Gold and Platinum Coins Mar. 8

Krugrnd	$409¾-410½	(£281-281½)	King Sov	$96½-98	(£64-65)
½ Krug.	$211½-210¼	(£145-146½)	Victoria Sov	$93½-90	(£64-65)
¼ Krug.	$107¾-108½	(£73½-74)	French 20s	$70¾-81¾	(£54¾-56)
1/10 Krug.	$44-44¾	(£30¼-30¾)	50 Pesos Mex	$489-491	(£335½-336¾)
Mapleleaf	$409¾-410¼	(£281-281½)	100 Cor-Aust	$388-395	(£266¾-280½)
New Sov	$93½-94¼	(£64-64¾)	$20 Eagles	$590-600	(£404¾-411½)
½ New Sov.	$56¼-57	(£38½-39)	Noble (Plat.)	$411½-416½	(£282¼-285¼)

EUROPEAN MARKETS

ROTTERDAM, March 8.

Wheat—(U.S. $ per tonne): U.S. No. 2 Soft Red Winter: April 161, May 162, June 10/July 10 151.75. U.S. No. 2 Northern Spring, 14 per cent protein: April/May 10 178.50, April/May 179, May 178.50, June 177, July 176, Aug 170, Sept 170, Oct 172, Nov 175. U.S. No 3 Hard Amber Durum: April/May 191, June 190, July 188, Aug 184, Sept 178, Oct 179, Nov 180. Canadian No. 1 Western Amber Durum: April/May 202, June 201, Nov 197.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: March 158.50, April 158, May 159.50, June 158, July/Sept 155, Oct/Dec 135.50, sellers. Argentine, Plate: mid Feb/mid March 156, April 156, April/June 154, sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: March 307.25, April 307.75, May 308, June 309.20, July 311, Aug 311, Sept 303.75, Oct 288.50, Nov 288, Dec 290.60, Jan 294.70, Feb 299, sellers.

Soyameal—(U.S. $ per tonne), 44 per cent: Afloat 230, March 230, April 230, April/Sept 237, Nov/March 238, sellers. Pellets, Brazil: March 246.50, April 242, May 242, April/Sept 243, Oct/Dec 252.50, sellers. Pellets, Argentine: Afloat 238, March 235, May/Sept 237, May/Oct 237, sellers.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES rose strongly on the London Metal Exchange, boosted by a decline in sterling. Lead and Zinc were notably firm, the latter following a further tightening of the squeeze on nearby dates. Forward metal moved up to the day's high of £696, reflecting the widening of the backwardation which moved out to £32, and rumours of imminent U.S. and European producer price rises. Lead remained a strong market and moved through the £310 level triggering good chartist support and speculative buying which lifted forward material to £318 prior to a closing level of £316. Currency considerations boosted Copper to £1,017.5 and Tin to £8,737.5, while Aluminium closed at £1,028.5 and Nickel at £3,320.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £988, 88.50, 89, three months £1,010, 10.50, 11, 10.50, 10, 09.50. Standard: Cathodes: Three months £999.50. Kerb: Higher Grade: Three months £1,010, 09.50, 09. Afternoon: Higher Grade: Three months £1,008.50, 09, 10, 10.50, 11. Kerb: Higher Grade: Three months £1,010.50, 12, 14, 15, 16, 16, 15.50, 15, 16, 17, 17.50, 17. [illegible]

TIN

[illegible]

LEAD

[illegible]

ZINC

[illegible]

ALUMINIUM

[illegible]

NICKEL

Nickel—Morning: Cash £3,205, 3,200, 04, three months £3,260, 65, 70, 73, 74, 70. Kerb: Three months £3,275, 70. Afternoon: Three months £3,270, 75, 70, 72, 71, 75, 76, 80, 79, 80, 82. Kerb: Three months £3,285, 90, 3,300, 10, 20. [illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

Monday March 12 is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent April 131.75, May 131.25, June 130.75 trans-shipment East Coast, English feed fob May 129 quoted, April/June 126 quoted East Coast. Maize: French first [illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

LIVERPOOL — Spot and shipment sales amounted to 433 tonnes. Mixed operations indicated a freer involvement among spinners. Purchases ranged over numerous growths and demand broadened in African and Middle [illegible]

MEAT/FISH

[illegible]

INDICES

[illegible]

AMERICAN MARKETS

NEW YORK, March 8

After coming under pressure early in the session, gold and silver recovered to show gains on the day as commission house buying touched of local short-covering on a recovery in financials and expectations of a sharp decline in U.S. money supply, reports Heinold Commodities. Copper, after being sharply lower, recovered as trade buying emerged and on the recovery in sterling. Sugar showed good gains on short-covering by commission houses on the belief the market is oversold. Cocoa was mixed as good manufacturer pricing developed at lower levels. Coffee was under light pressure from long liquidation on bearish technical indications. Cotton firmed in sympathy with precious metals. Heating oil firmed on below normal temperatures. Maize and wheat consolidated in quiet trade with maize finding light support on expectations of South African and Soviet business. Soyabeans attracted keen commercial support on strong cash premiums and rumours of possible Soviet interest in beans.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	70.10	—	—	71.05
April	70.60	—	—	71.50
May	71.20	71.65	70.60	72.05

[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
March	[illegible]	1003.0	959.0	976.4
April	1004.6	—	—	982.5
May	1012.0	1014.0	973.0	990.0
July	1028.8	1033.0	989.0	1007.4
Sept	1047.4	1051.0	1006.0	1026.0

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to improve

The dollar continued to improve in currency markets yesterday. This reflected market fears that the U.S. authorities may increase interest rates in order to counter the possibility of inflationary pressures in view of continued growth in the U.S. economy. Some dealers were sceptical as to how sustained this trend may be but there appeared to be little incentive to hold positions against the dollar's trend, however, temporary.

The dollar closed at DM 2.5870 against the D-mark, up from DM 2.5560 on Wednesday and SwFr 2.1370 compared with SwFr 2.1145. Against the Japanese yen it rose to Y224.45 from Y223.10 and FFr 7.9725 from FFr 7.8575. On Bank of England figures, the dollar's trade weighted index rose from 124.8 to 125.4.

STERLING — Trading range against the dollar in 1983-84 is 1.6245 to 1.3953. February average 1.4409. Trade weighted index 81.1, unchanged from noon and the opening but down from 81.4 on Wednesday and 84.8 six months ago.

Sterling opened at $1.4675-1.4685 against the dollar and traded between a high of $1.4735 and a low of $1.4550. It closed at $1.4575-1.4585, a fall of 1.8c. Sterling showed mixed changes against other major currencies, finishing unchanged against the D-ark at DM 3.7750 and easing slightly in terms of the Swiss franc to SwFr 3.1200 from SwFr 3.1250. It was also lower against the Japanese yen at Y327.5 from Y329.5 but rose in terms of the French franc to FFr 11.62 from FFr 11.5850 on Wednesday.

D-MARK — Trading range against the dollar in 1983-84 is 2.8425 to 2.3320. February average 2.7000. Trade-weighted index 128.0 against 125.6 six months ago.

The D-mark lost ground to most currencies at the Frankfurt fixing. The dollar rose to DM 2.5685 from DM 2.5391 without any intervention by the German Bundesbank at the fixing or on the open market. Higher Eurodollar interest rates were reported to have contributed to the dollar's recovery, but fears continued to grow that the U.S. Budget deficit will again weaken the currency before long.

Sterling rose to DM 3.7720 from DM 3.7660, and the Swiss franc to DM 1.2091 from DM 1.2044. Within the EMS the Dutch guilder improved to DM 88.62 per 100 guilders from DM 88.57, and the Danish krone to DM 27.325 per 100 krone from DM 27.29. On the other hand the French franc fell to DM 32.425 per 100 francs to DM 32.435, while the Belgian franc was unchanged at DM 4.8850 per 100 francs.

DUTCH GUILDER — Trading range against the dollar in 1983-1984 is 3.1900 to 2.5755. February average 3.0460. Trade-weighted index 116.5 against 115.5 six months ago.

The guilder showed mixed changes at the Amsterdam fixing, losing ground to the dollar but improving against the D-mark. The dollar rose to Fl 2.8990 from changed at Fl 4.2570. dollar rose to Fl 2.8990 from DM 2.8700; the Swiss franc to Fl 1.3650 from Fl 1.3605; the Japanese yen to Fl 12.96 per 1,000 yen from Fl 12.888; the Danish krone to Fl 30.83 per 100 krone from Fl 30.78; and the Irish punt to Fl 3.46 from Fl 3.4560. The Italian lira was unchanged at Fl 1.812 per 1,000 lira, while the D-mark fell to Fl 1.12855 from Fl 1.1291.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.7721	+1.81	+1.76	±1.5447
Danish Krone	8.14104	8.16790	+0.33	+0.28	±1.6425
German D-Mark	2.24184	2.23198	−0.44	−0.49	±1.0642
French Franc	6.87456	6.87794	+0.06	—	±1.4052
Dutch Guilder	2.52595	2.51970	−0.25	−0.30	±1.4984
Irish Punt	0.72569	0.728865	+0.44	+0.39	±1.6699
Italian Lira	1403.49	1389.19	−1.02	−1.02	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4550-1.4735	1.4575-1.4585	0.11-0.16c dis	−1.11	0.50-0.55dis	−1.44
Canada	1.8420-1.8550	1.8440-1.8450	0.11-0.21c dis	−1.04	0.54-0.64dis	−1.28
Nethlnd.	4.23-4.29½	4.25¾-4.26¾	1½-⅞c pm	3.17	3½-2⅞ pm	2.93
Belgium	76.80-77.30	77.10-77.20	31-41c dis	−0.80	82-92 dis	−4.51
Denmark	13.72-13.82½	13.77¾-13.78¾	3-3½ore dis	−2.99	8½-9½ dis	−2.63
Ireland	1.2270-1.2380	1.2285-1.2295	0.24-0.36p dis	−2.93	1.07-1.22dis	−3.73
W. Ger.	3.75¾-3.80½	3.77-3.78	1¼-⅞pf pm	3.58	3½-3 pm	3.44
Portugal	189.00-191.75	189.25-189.75	200-500c dis	−22.10	560-1340dis	−21.11
Spain	217.00-218.90	217.75-217.95	165-180c dis	−9.50	520-545 dis	−9.78
Italy	2,335-2,362	2,343½-2,345½	18-16 lire dis	−0.70	50-52 dis	−0.70
Norway	10.87-11.00	10.88-10.89	3⅞-4⅞ore dis	−4.52	12¾-12⅞dis	−4.59
France	11.56½-11.70	11.61½-11.62½	0¼-6¾c dis	−5.94	20½-22 dis	−7.31
Sweden	11.20-11.35	11.20¾-11.21¾	1½-1⅞ore dis	−1.74	4½-5⅛ dis	−1.74
Japan	326½-331	327-328	0.67-0.55y pm	2.31	2.15-2.03 pm	2.55
Austria	26.45-26.85	26.57-26.62	6½-5½gro pm	2.68	18-15¾ pm	2.53
Switz.	3.10¾-3.14¼	3.11½-3.12½	1⅞-1⅜c pm	6.25	4½-4¼ pm	5.77

Belgian rate is for convertible francs. Financial franc 78.70-78.80. Six-month forward dollar 1.18-1.23c dis, 12-month 2.68-2.78c dis.

THE DOLLAR SPOT AND FORWARD

March 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4550-1.4735	1.4575-1.4585	0.11-0.16c dis	[illegible]	[illegible]	[illegible]
Ireland†	1.1800-1.1950	1.1800-1.1810	0.22-0.18c pm	[illegible]	[illegible]	[illegible]
Canada	1.2635-1.2686	1.2650-1.2655	0.02c pm-par	[illegible]	[illegible]	[illegible]
Nethlnd.	2.8925-2.9195	2.9175-2.9195	1.05-0.95c pm	[illegible]	[illegible]	[illegible]
Belgium	52.45-52.95	52.92-52.94	17-19c dis	[illegible]	[illegible]	[illegible]
Denmark	9.3780-9.4700	9.4625-9.4675	¾-1¼ore dis	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs, Financial franc [illegible].

OTHER CURRENCIES

Mar. 8	£	$		£ Note Rates
Argentina Peso	43.59-43.68	29.74-29.77	Austria	26.50-26.80
Australia Dollar	1.5290-1.5310	1.0490-1.0495	Belgium	78.90-79.80
Brazil Cruzeiro	1,795.8-1,805.3	1,225-1,231	Denmark	13.73-13.86
Finland Markka	8.1720-8.2020	5.5975-5.6025	France	11.58-11.70
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

Mar. 8	Bank of England Index	Morgan Guaranty Changes %
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

March 8	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

* CS/SDR rate for March 6: 1.34431.

EXCHANGE CROSS RATES

Mar. 8	Pound St'rling	U.S. Dollar	Deutsche m'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore). Short-term 9 11/16-9 13/16 per cent; seven days 9¾-9⅞ per cent; one month 9 13/16-10 1/16 per cent; three months 10 3/16-10 5/16 per cent; six months 10 7/16-10 9/16 per cent; one year 10⅞-11 per cent. Long-term Eurodollars two years 11½-11¾ per cent; three years 12⅛-12⅜ per cent; four years 12⅜-12⅝ per cent; five years 12½-12¾ per cent nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; two days' notice.

MONEY MARKETS

UK rates slightly firmer

Interest rates were slightly firmer in the London money market yesterday. This was partly a reflection of the reluctance of clearing banks other than Barclays to reduce base rates. Midland Bank reinforced the trend by issuing a statement underlining the bank's position over a possible base rate cut, and stressing that in its opinion prevailing rates did not justify a further reduction.

Three-month eligible bank bills were unchanged at 8¾ per cent while three-month interbank money rose to 8 15/16-9 1/16 per cent from 8⅞-9 per cent. Overnight interbank money touched a low of 8¾ per cent but finished bid at 10 per cent.

UK clearing banks' base lending rate 8¾-9 per cent (since March 8)

The Bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £276m and Exchequer transactions a further £70m. There was also a rise in the note circulation of £20m. On the other hand banks brought forward balances £30m above target.

The forecast was later revised to a shortage of £400m and the Bank gave assistance in the morning of £28m. This comprised purchases of £20m of eligible bank bills in band 2 (15-33 days) at 8¾ per cent and £6m in band 3 (34-63 days) at 8 11/16 per cent. In band 4 (64-91 days) it bought £2m of eligible bank bills at 8⅝ per cent.

The Bank gave further help in the afternoon of £271m. This comprised purchases of £24m of eligible bank bills in band 2 at 8¾ per cent and £1m in band 3 at 8 11/16 per cent. In band 4 it bought £21m of eligible bank bills at 8⅝ per cent. It also arranged sale and repurchase agreements on £225m of bills, for resale in equal amounts on March 28 and March 29 at 8¾-8⅞ per cent. The Bank also provided late assistance of £45m.

In Frankfurt call money was quoted at 5.5-5.55 per cent in rather quiet trading. Banks received DM 6.3bn yesterday through the latest sale and repurchase agreement at 5.5 per cent. This was less than an expiring agreement of DM 7.5bn but short-term liquidity was in good supply as the market currently benefits from a further two sale and repurchase facilities. Bank borrowings through Lombard had risen on Tuesday to DM 5bn from DM 1.9bn on Monday.

MONEY RATES

Mar. 8	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.5-5.55	12⅛	1-8	5¾-6	6.40620	10⅞-17¼	11.60	11⅝-11⅞
One month	5.60-5.70	12⅜-12½	3⅛-3¼	6⅛-6¼	6.40625	16⅞-17¼	12⅛-12⅜	12⅛-12⅜
Two months	5.65 5.80	12⅛-12⅜	—	—	—	—	—	12½-12¾
Three months	5.70-5.85	12⅛-12⅜	5 1/16-5¼	6-6⅛	6.28180	17⅛-17⅛	12⅛-12⅜	12⅝-12⅞
Six months	5.80-5.00	12⅜-10⅛	—	6-6⅛	—	—	12⅛-12⅜	12¾-13
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	12	—	0⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Mar. 8 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	8¾-10	2⅛	2¼-9⅜	8⅛-2½	—	—	—	—	—
2 days notice	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 day notice	—	9¼-9¼	9-9⅛	9⅜	9⅛	—	—	—	—	—
One month	9⅛-8⅞	8⅞-9⅛	2	9⅛-9¼	8¾	8¾	8⅞	8¾	8 11/16-8⅞	9⅜
Two months	9-8⅞	8⅞-9 1/16	8⅞	0¼	8⅝	8 11/16	8⅝	8 11/16	8⅝	9 1/16
Three months	8⅞-8⅞	8 15/16 9 1/16	8 15/16	9¼	8⅛	8⅝	8 11/16	8⅝	0 11/16	2¼
Six months	9-8⅞	2 1/16-9⅛	2	—	—	—	—	9 3/16	8 11/16	9 3/16
Nine months	9⅛-9	9⅛-9¼	[illegible]	[illegible]	—	—	—	—	—	—
One year	9⅛ 2	2⅛-9⅜	[illegible]	[illegible]	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	Discount market deposits	Treasury Bills	SDR Linked Deposits	ECU Linked Deposits
One month	9⅜-9	—	2	[illegible]	[illegible]	[illegible]	[illegible]
Two months	9⅝-9	—	9	[illegible]	[illegible]	[illegible]	[illegible]
Three months	9⅜-9	—	9 1/16	[illegible]	[illegible]	[illegible]	[illegible]
Six months	9⅛ 8⅞	—	9 1/16	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	9½-9⅛	—	9¼	[illegible]	[illegible]	[illegible]	[illegible]
One year	9¼-9⅛	—	2¼	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	9⅞	—	[illegible]	[illegible]	[illegible]	—
Three years	—	10⅛	—	[illegible]	[illegible]	[illegible]	—
Four years	—	10¼	—	[illegible]	[illegible]	[illegible]	—
Five years	—	10⅜	—	[illegible]	[illegible]	[illegible]	—

ECGD Fixed Rate Export Finance Scheme IV Average Rate for interest period February 8 to March 8 1984 (inclusive): [illegible] per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rates (published by the Finance Houses Association): [illegible] per cent from March 1, 1984. London and Scottish Clearing Bank Rates for lending 8¾-9 per cent. London Deposit Rate for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount [illegible] per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¼ per cent; one-three months 9¼ per cent; [illegible] 12 months 9½ per cent. Under £100,000 9 per cent from March 6. Deposits held under Series 4-5 9½ per cent. The rate for all deposits withdrawn for cash 7½ per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. March 8)

3 months U.S. dollars	
bid 10 1/4	offer 10 3/4

6 months U.S. dollars	
bid 10 1/2	offer 10 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	11
Broker loan rate	10¾-10½
Fed funds	9 11/16
Fed funds at intervention	9 11/16

Treasury Bills

One month	3.00
Two month	5.10
Three month	8.33
Six month	8.47
One year	3.60

Treasury Bonds

Two year	99 27/32
Three year	98⅝
Four year	98 20/32
Five year	99 7/32
Seven year	98 7/32
10 year	97 7/32
30 year	97 ¼

FINANCIAL FUTURES

Prices fall

Interest rate contracts weakened on the London International Financial Futures Exchange yesterday. Trading in three-month sterling deposit futures was quite active at 2,850 lots, concentrated mainly on June delivery, which opened weaker at 91.01 and failed to touch Wednesday's closing level as the market showed concern at the nervous performance of the pound on the foreign exchanges. A slight rally took the contract to a peak of 91.06, but it fell back to close at 91.02 compared with 91.07 previously as sterling dipped under the $1.46 level and traders remained uncertain about how long clearing bank base rates would go after Barclays recent cut of only ½ per cent.

Gilts trading on Liffe was quiet, and in usual day showed less activity than the short sterling contract. Prices opened lower on the weaker pound and on the depressed nature of the U.S. bond market overnight. Like the three-month sterling contract gilt futures failed to reach the previous level for June delivery, opening at 109-14, and trading within a range of 109-07 to 109-16, before closing at 109-12, compared with 109-18 on Wednesday. There was no panic however and despite some attempts to push prices down in the afternoon, as the U.S. bond market again showed a poor early performance, dealers suggested there was little pressure in the market.

June Eurodollars opened at the day's high of 89.36 and closed at the low of 89.32, compared with 89.42 previously. A good two-way business was seen as sellers were encouraged by the fall of the contract below the important chart resistance point of 89.40, but this was fairly well balanced by buying to take profits.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
March	89.85	89.89	89.84	89.95
June	89.32	89.36	89.32	89.42
Sept	88.97	89.01	88.97	89.07
Dec	88.68	88.73	88.67	88.77
March	88.40	88.40	88.40	88.51

Volume 4,747 (3,573)
Previous day's open int 12,611 (12,526)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	0.4460	0.4471	0.4460	0.4477
June	0.4498	0.4523	0.4498	0.4510
Sept	0.4541	—	—	0.4562

Volume 44 (104)
Previous day's open int 318 (322)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	67-26	67-28	67-10	67-28
June	67-04	67-07	66-26	67-07
Sept	66-21	66-22	66-10	66-22
Dec	66-06	66-06	65-28	66-08
March	65-24	65-25	65-17	65-27
June	65-12	65-14	65-07	65-15
Sept	65-03	65-03	64-29	65-06
Dec	64-25	64-25	64-20	64-29

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	90.74
[illegible]	[illegible]	[illegible]	[illegible]	90.34
[illegible]	[illegible]	[illegible]	[illegible]	90.00
[illegible]	[illegible]	[illegible]	[illegible]	89.75
[illegible]	[illegible]	[illegible]	[illegible]	89.62
[illegible]	[illegible]	[illegible]	[illegible]	89.30
[illegible]	[illegible]	[illegible]	[illegible]	89.11
[illegible]	[illegible]	[illegible]	[illegible]	89.94

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	90.09
[illegible]	[illegible]	[illegible]	[illegible]	89.54
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) Se per £

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

£ in New York latest

	March 8	Prev. close
Spot	$1.4640-4655	$1.4680-4690
1 month	0.12-0.15 dis	0.12-0.13 dis
3 months	0.52-0.55 dis	0.47-0.49 dis
12 months	2.70-2.80 dis	2.50-2.60 dis

£ forward rates are quoted in U.S. cents discount.

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WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 7 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of March 7 at 11.00 am
3 months: 10¼ 6 months: 10⅜

ECU=U.S.$0.879269. SDR1=U.S.$1.07441
Sibor as of March 7 at 11.00 am
3 months: 10¼ 6 months: 10½

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	6.8014
Algeria	Dinar	4.858
Andorra	Fr. Franc	7.881
	Sp. Peseta	146.60
Angola	Kwanza	30.814
Antigua	E. Caribbean $	2.70
Argentina	New Peso (f)	29.514
Australia	Dollar	1.0444
Austria	Schilling	17.875
Azores	Port. Escudo	128.55
[illegible]	[illegible]	[illegible]
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	7.821
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso (2)	78.2324
Guinea Rep.	Syli	22.9756
Guyana	Dollar (5)	3.75
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.778
[illegible]	[illegible]	[illegible]
Peru	Sol	2515.78
Philippines	Peso	14.02
Pitcairn Is.	N.Z. Dollar	1.4821
Poland	Zloty (O) (7)	109.00
Portugal	Escudo	128.55
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	7.821
Romania	Leu (O)	4.47
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemark interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Essential imports. (h) Non essential imports. (i) Floating tourist rate. (1) Nepal: Devaluation of 3.5 per cent, January 11, 1984. (2) Guinea-Bissau: Devaluation of 50 per cent, December 28 1983. (3) India: Rupees per US (between December 29 1983, and February 15 1984, rate quoted as $ per 100 Rupees). (4) Hungary: February 2, devaluation by 2.31 per cent. (5) Guyana: January 11, 20 per cent devaluation. (6) Gambia: February 25, 20 per cent devaluation against sterling. (7) Poland: Devalued March 1, 11.8 per cent. (8) Mozambique: February 29, rate should have read 41.250.

For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	97⅛	97⅝	-0½	-0¾	12.19
Australia Comm 11⅛ 88	100	99¼	99¾	-0¼	-0¼	11.33
Australia Comm 11½ 95	300	95	95½	-0⅝	-1⅜	12.28
Australia Comm 11⅜ 98	100	95⅛	95⅝	-0⅝	-1⅛	12.30
Australian Ind Dev 11 89	75	95½	97	-0⅝	-0⅝	11.90
Bank of Tokyo 11⅜ 90	100	95¾	96⅛	-0⅝	-1	12.62
Beneficial O/S Fin 12 91	150	94⅞	95⅜	-0¼	-1	13.10
Britoil Fin 11⅞ 00	125	97¼	97¾	-0⅝	-1	12.41
Canada 10⅞ 88	500	97⅛	98⅛	-0⅝	-0⅝	11.49
C.C.C.E. 12⅝ 95	75	91	97½	-0¾	-1½	13.07
Citicorp O/S 10⅞ 90	100	89⅛	90⅝	-0¼	-0¾	12.69
Citicorp O/S 11¾ 00	100	96½	91	-0¼	-0¾	12.46
O.&.C. 11¾ 91 WW	50	94½	95	-0⅝	-0¾	12.93
O.&.C. 11¾ 01 XW	50	93⅞	94⅜	-0¼	-0⅝	13.08
Denmark Kingdom 12¼ 93	100	97⅝	98⅛	-0½	-0¼	12.62
E.C.S.C. 11⅞ 90	75	97½	98	-0½	-1⅛	12.37
E.O.C. 11⅛ 88	150	95	95½	-0½	-1½	12.46
E.E.C. 12 93	50	97⅞	98⅜	-0¼	-0¾	12.32
E.I.S. 11½ 98	200	95¼	95¾	-0⅝	-1	12.96
Eksportfinans 11½ 90	199	94⅜	98	-0⅝	-1½	12.88
Gen Elec Credit 11 91 WW	200	95½	96	-0½	-1½	11.93
GMAC O/S Fin 11⅞ 00	190	91	97½	-0⅝	-1	11.97
IC Indust Fin 11⅞ 90	75	95⅞	96⅜	-0⅛	-0½	12.44
Indust Bk Japan 11½ 98	125	96¾	97¼	-0⅝	-0⅝	12.34
Indust Bk Japan 11½ 91	190	98⅛	98⅝	-0⅝	-1⅜	12.58
ITT Finance 11½ 89 WW	125	98¼	98¾	-0¼	-0⅝	11.84
J.C. Penney 11½ 90	190	97⅛	97⅝	-0⅝	-1½	12.44
J.P. Morgan 11⅞ 90 WW	150	96⅞	97⅜	0	-0⅝	12.00
L.T.C.B. 10¾ 90	100	91½	92	-0⅝	-1	12.72
L.T.C.B. 12½ 90	95	99¾	100¼	-0⅝	-0⅝	12.46
Macy O/S 11¾ 91	100	96⅞	97⅜	-0⅛	-1½	12.38
Mitsui Trust Fin 12 01	100	96⅝	91⅛	-0½	-1	12.69
Nippon Credit 11⅞ 90	100	95¾	96¼	-0¾	-1	12.76
Nippon Tele 11⅞ 98	100	97¼	97¾	-0⅝	-1⅛	11.98
Norwest O/S 12⅛ 91	50	96¼	96¾	-0¼	-0⅝	12.81
Nova Scotia Pro 11¾ 91	100	96⅛	96	-0½	-0⅞	12.78
Ontario Hydro 11⅝ 94	200	93⅞	94⅜	-0⅝	-1⅜	12.89
Ontario Hydro 11¾ 90	200	97½	98	-0¼	-1	12.23
Pacific Gas & Elec 12 91	75	98½	99⅛	-0¼	-1	12.10
P.K. Banken 12 90 WW	70	95½	96	-0⅝	-0⅝	12.95
Prudential 10⅛ 93 WW	150†	92⅜	92⅞	-0⅝	-0¼	11.40
Prudential 10⅛ 93 XW	150	87¾	90¼	-0½	-1¼	12.20
Quebec Hydro 11½ 92	100†	97⅞	98⅜	0	+0⅛	11.83
Quebec Province 12¼ 94	150	98⅞	99½	-0⅛	-0¼	12.49
Royal Bk of Can 11½ 89	100	96⅜	96⅞	-0⅛	-0¾	12.44
Rural & Ind Bk 12 91	50	96⅞	96⅞	-0⅝	-1⅜	12.97
Sears O/S Fin 11½ 89	50†	95⅝	96⅛	-0⅝	-0¾	12.41
Sears O/S Fin 11½ 03	125	99⅛	99⅝	-0⅝	-0⅞	11.94
Sears O/S Fin 11⅝ 91	150	95⅞	98½	-0⅛	-0¾	12.37
Sears O/S Fin 11⅝ 93	150	96¾	97¼	-0¾	-0⅝	12.17
Sec Pac O/S Fin 11⅝ 89	75†	96	90½	0	0	12.88
Sec Pac O/S Fin 12 92	100	96¾	97¼	-0⅛	-0⅝	12.62
S.E.K. 11½ 98	100	95½	96	-0⅝	-0⅝	12.70
Texaco Capital 10½ 93	200	91⅜	91⅞	-0⅝	-1⅜	11.89
Tokai Asia 12¼ 91	100	97¾	98¼	-0⅝	-0¾	12.69

OVER THE COUNTER

Continued from Page 32

CAPITAL MARKETS

Belgium and World Bank come to Eurosterling market

BY MARY ANN SIEGHART IN LONDON

NEW ISSUE activity gathered momentum in the Eurosterling bond market yesterday, with two £100m bonds being launched. This brings the total Eurosterling new issue volume for the past two weeks to £425m.

The World Bank's five-year bond, led by Baring Brothers, pays a coupon of 10⅞ per cent at a price of 99⅞. At this price, it yields 0.22 per cent less than the equivalent UK government gilt-edged stock. This is not the first time that a World Bank issue has yielded less than gilts – its last two Eurosterling issues are currently doing so.

The bonds can be in registered or bearer form, which makes them eligible for building societies to buy. Despite the low coupon, the issue went very well, trading only just outside its 1¼ per cent selling concession at a discount of about 1⅜ per cent.

Belgium's £100m floating rate note was launched today, as expected. The terms were regarded as slightly tight and the issue sold at a discount equal to its 0.90 per cent total fees.

Meanwhile, Middle European Gas Pipeline has broken new ground in the Ecu market with the first Ecu floating rate note.

The 10-year, Ecu100m issue pays ⅛ over the three-month London interbank offered rate (Libor) at par and is led by Crédit Commercial de France with Banque Bruxelles Lambert, Industrial Bank of Japan and Morgan Guaranty. Total fees are 1 per cent.

The bond, which has a put option for investors after 7 years, can be converted into a 10-year, fixed-rate, 11¼ per cent bond at par on any of the first three coupon dates. It is expected to appeal to bank, rather than individual, investors, but there seemed to be no pre-market price level for the issue last night.

The only new issue in the dollar market was a $150m floating rate note for Instituto Nacional de Industria, the Spanish industrial finance company. The bond has a 15-year life, with put options after eight and 12 years, and pays ⅛ over six-month Libor with the coupon set quarterly.

Total fees are 0.98 per cent, and the issue was selling last night at a discount just inside that. Manufacturers Hanover is the lead manager.

Finland is raising DM 150m in the D-Mark market through a seven-year, 7½ per cent bond at a price of 100¼. Dresdner Bank is leading the deal, which traded at a 1¼ per cent discount.

Two dual currency bonds were launched in Switzerland yesterday, for Commerzbank and Nederlandse Gasunie.

Gasunie's SwFr 100m, seven-year deal is the first dual currency private placement. It has a 6 per cent coupon and each SwFr 50,000 note will be redeemed for $32,000. SBC is lead manager.

Commerzbank's SwFr 100m 10-year issue also has an indicated 6 per cent coupon. There is a $3650 repayment for each SwFr 5,000 bond and the issue is led by Union Bank of Switzerland.

Prices of seasoned dollar bonds slid again yesterday by about ½ point on the back of a weak New York market. D-Mark prices closed ¼ point down, while prices of Swiss franc bonds were unchanged.

BHF Bank bond average		
March 8		Previous
99.880		100.008
High	1983-84	Low
102.017		97.889

WEEKLY U.S. BOND YIELDS (%)

	March 7	Feb 29	1983-1984 High	1983-1984 Low
Composite Corp. AA	12.87	12.66	12.88	10.78
Government:				
Long-term	12.15	11.98	11.93	10.16
Intermediate	11.97	11.78	12.03	9.88
Short-term	11.13	11.06	11.28	9.21
Municipal	n.a.	9.78	10.01	8.72
Industrials AAA	12.44	12.21	12.26	10.51
Industrials AA	12.60	12.39	12.62	10.72
Utilities AA	13.04	12.87	13.05	10.36
Preferred Stocks	11.20	11.19	11.47	10.60

Source: Standard & Poor's

Korea launches two stage $600m loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

KOREA Exchange Bank has appointed 12 international banks to co-ordinate a $600m, eight-year loan on terms slightly finer than those paid by Korean borrowers late last year.

The loan will be divided into two tranches. One, for $360m, will bear interest at a margin of ¾ per cent above the London interbank offered rate for Eurodollar deposits (Libor).

The second tranche, for $240m, will bear interest at 0.2 per cent above U.S. prime or 1.25 per cent above certificate of deposit rates, if that is lower than prime.

Repayments will start after a grace period of four years and the borrower is to pay a front-end fee of ⅜ per cent.

Last November Korea Development Bank, another major Korean borrower, paid a split ⅝–⅞ per cent margin for part of a $500m loan with the rest at a margin of 0.2 per cent over prime.

The banks involved in co-ordinating the new loan are BA Asia, Bank of Tokyo, BT Asia, Chase Asia, Citicorp, Dai-Ichi Kangyo, First Chicago, IBJ Asia, Indosuez Asia, Manufacturers Hanover Asia, Midland and Orion Royal Pacific. They may be joined by a 13th bank later.

The credit was originally expected to be for only $500m but has already been increased as asset-hungry banks chase business in the Far East. The last borrower to benefit from this was Indonesia whose recent $500m credit closed at $750m.

Although lead managers are expecting a successful syndication, it is far from certain that the Korean loan will be increased further.

This depends on the needs of the borrower, and Korea with total foreign debts of about $40bn is more heavily borrowed than Indonesia, which makes syndicating its loans more difficult.

Call for IMF to use SDRs in debt crisis

BY STEWART FLEMING IN WASHINGTON

AN IMMEDIATE allocation of Special Drawing Rights (SDRs), the international reserve asset created by the International Monetary Fund (IMF), is called for by Mr John Williamson, a senior fellow at the Institute for International Economics, a Washington-based research group.

His report suggests the IMF makes an allocation of SDR 43bn ($46bn) in 1984-85. The IMF's interim committee is due to meet in Washington in a few weeks' time when it will discuss a new SDR allocation.

Mr Williamson argues that such an allocation, as part of a set of measures, could make a useful contribution to easing the burden of some heavily indebted developing countries.

It might also offer advantages to the industrial countries including the U.S. by, for example, giving the U.S. monetary authorities more flexibility in implementing monetary policy in certain circumstances.

Mr Williamson accepts that there is little chance of any firm steps being taken towards a new allocation of SDRs at next month's meeting

Indonesia boosts reserves

BY KIERAN COOKE IN JAKARTA

INDONESIA has foreign exchange reserves of $58.6bn, according to Mr Arifin Siregar, the governor of Bank Indonesia, the country's central bank.

He said the figure underscored the improvement in Indonesia's balance of payments which has undergone a turnround since the middle of last year when banking laws were liberalised and several major projects, considered a drain on the economy, were deferred.